

MANAGEMENT METHODS

OCTOBER 1956
BUSINESS ADMINISTRATION
LIBRARY
OCT 15 1956

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



IN THIS
ISSUE

Percy of Bell & Howell — A profile of a new kind of manager *page 38*
How Rockwell Plans Diversification *page 27*



Generalaire®

in your choice of decorator colors

46 smartly-styled models, efficiently designed and sturdily built for a business lifetime of wear

Picture in your own office this smart new Generalaire, finished in Pine Frost Green! Or you can have it in Gray, Suede Brown, Autumn Haze, Glen Green or Manila Tan—with harmonizing Velvolum or Textolite writing top.

These are the decorator colors in which GF now offers modern metal desks. They bring freshness and new life into any office. They convert drab monotone clerical areas into interesting, inspiring places to work.

As for the GF Generalaire desk itself, it incorporates too many new *exclusive*

features to name here. But of this you may be sure: It has everything you'd expect in a much costlier desk... plus some efficient features you won't find even in far more expensive desks. This metal desk can't split or warp, its drawers will never stick, its solidly-welded joints can't come loose. Year after year, from the day you buy a GF Generalaire, it will be as handsome as it is today. That's real economy!

There's a GF Generalaire for every office job... 46 models... and the best way to choose is to see them for your-

self at your nearest GF Dealer or factory branch showroom. For an illustrated folder, write The General Fireproofing Company, Department M-59, Youngstown 1, Ohio.



GF metal business furniture is a good investment

(Circle 583 for more information)

MODE-MAKER DESKS • GOODFORM
ALUMINUM CHAIRS • SUPER-FILER
MECHANIZED FILING EQUIPMENT •
GF ADJUSTABLE STEEL SHELVING



For easy cleaning...

genuine
Leather

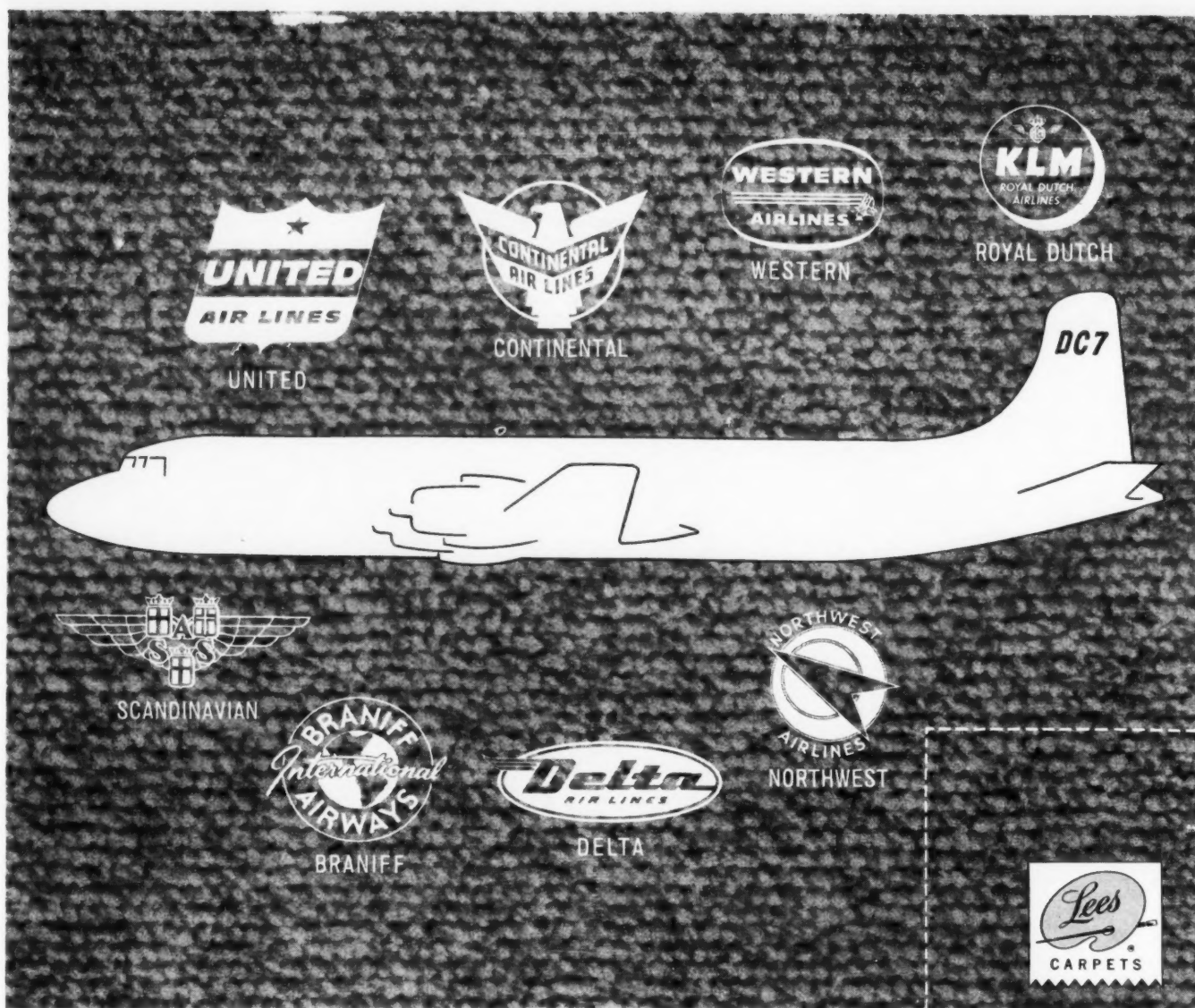
Genuine leather upholstery gives you a lot of sales features. One of the best is its easy cleanability. Ink and grime, oil and grease, food and beverage stains—they all swish right off with a damp cloth and mild soap. No special treatment, no waxing or polishing, no dry-cleaning. No wonder leather upholstery sews up the sale so often!

Only genuine leather wears as well as it looks

THE UPHOLSTERY LEATHER GROUP, INC. • 141 East 44th Street, New York 17, N. Y.

(Circle 629 for more information)

OCTOBER 1956



LEES CARPETS BY FLOOR STYLES, SAN FRANCISCO, CALIF.

HEAVENLY CARPETS FLY HIGH

*Lees leads the way
with high-quality service
and heavenly colors aboard
the world's luxury planes*

YOU CAN CIRCLE THE GLOBE on Lees Carpets! Yes, you can! Whether you're taking a short hop from Memphis to Milwaukee—or a long jaunt from Peoria to Pakistan—you can sink your happy feet into the comfort and luxury of Lees Carpets all the way!

NEW LUXURY DC-6B's, DC-7's and DC-7C's by Douglas Aircraft offer passengers the beauty, ease and quiet of Lees Carpets underfoot. Among airlines that Douglas Industrial De-

sign Section coordinates interiors for are Braniff, Continental, Delta, KLM Royal Dutch, Northwest, Pan American, Scandinavian Airlines System and Western Air Lines. United's new Mainliners feature their Lees Carpets in interiors designed by Raymond Loewy.

THE WISE OLD SAYING, "Lees Carpets belong in every space that serves the public," packs plenty of plain common sense. Lees Carpets have proved themselves on land, sea, and

in the air, to be practical, long-term investments.

RELIABLE FIGURES SHOW the average cost of maintaining 1,000 square feet of carpeted floors for one year under heavy traffic is \$189 vs \$383 for the same area of non-carpeted floors.

MEMO TO MANAGEMENT: Lees designs and makes commercial carpets for every budget and business requirement. Friendly carpet on the floor—brings customers to your door! Lees Carpets mean good business!

For further information on how Lees can work with you on purchasing carpet for any business need, please write to James Lees and Sons Company, Bridgeport, Penna., Commercial Carpet Division

(Circle 592 for more information)

MANAGEMENT METHODS

OCTOBER 1956 • VOLUME 11 NO. 1

CONTENTS

Why top executives make sales calls	14
<i>"Making the sale" isn't the main objective, according to this month's MM survey of company practices.</i>	
How Rockwell builds secure growth through planned diversification	27
<i>Rockwell's president explains how the company carries out its planned diversification, and outlines steps in one recent acquisition.</i>	
Should green labor disqualify a new plant site?	30
<i>Many firms pass over a favorable plant location that lacks skilled labor, but these case histories prove the policy unsound.</i>	
How tax rates affect the decision—build or lease	34
<i>If you are thinking of a new building, consider this "net lease" plan that provides custom-built facilities without capital expenditure.</i>	
Profile of a new kind of manager: How he plans for future profits	38
<i>The second of a monthly series profiling the new kind of manager, showing how he solves administrative problems in the operation of his own company.</i>	
How to set up a middle management incentive plan	51
<i>Here is a step-by-step description of a successful plan that includes supervisors and other operating management personnel.</i>	
Hidden factors in worker productivity	60
<i>Reports of case studies in human relations showing how pride in group productivity as well as other factors influence worker output.</i>	
How to make your annual report pay for itself	71
<i>Before you start, know what it is you want your annual report to accomplish, and also how you will measure its success.</i>	
Practical examples in tax reduction	76
<i>Here are excerpts from a new book of tax tips that are based on the experience of leading tax practitioners.</i>	
How to operate a duplicating department	81
<i>The office services manager of A. B. Dick Company tells how planning and scheduling smooth the work load in its own duplicating department.</i>	
A superb example of how to handle employee service areas	93
<i>This winning entry in MM's BEST PLACE TO WORK competition shows how Wisconsin Electric provides employees with "club" facilities.</i>	
What's new in pension plans	98
<i>These facts and figures will help you decide whether your company's pension plan has kept pace.</i>	

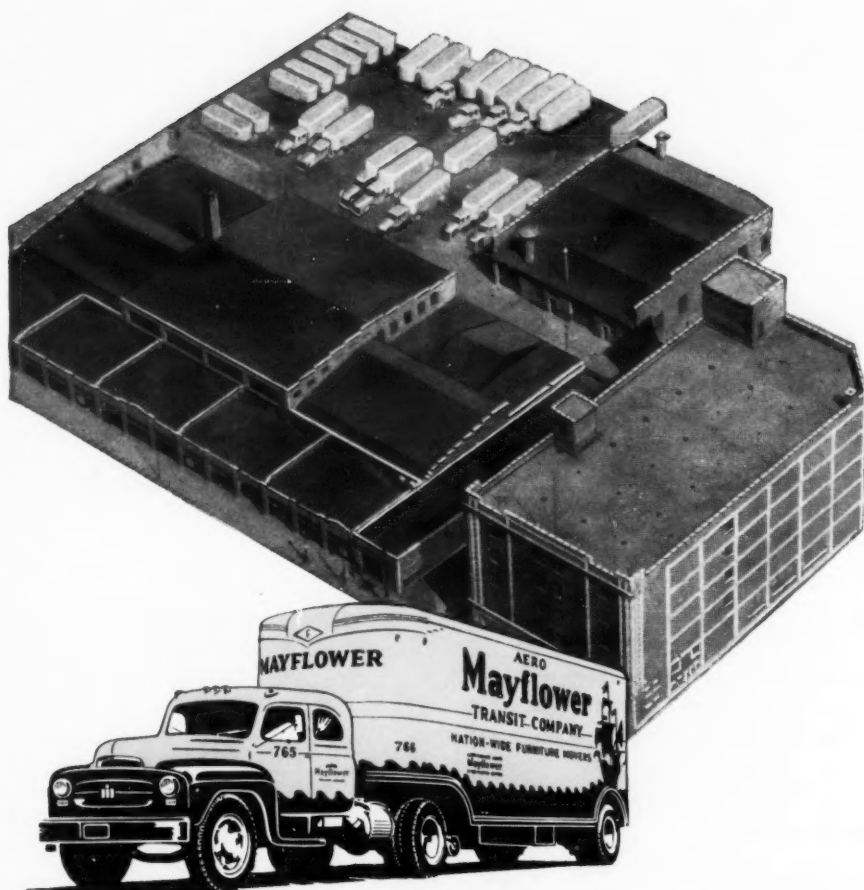
DEPARTMENTS AND SHORT FEATURES

Point and counterpoint: letters to the editor . . .	6
What they said: a review of current surveys . . .	16
Too good to miss	17
Tax quiz: recent court cases	21
Thought starters:	62

*Four-week management conference begins
October 22 in Pittsburgh
Pressure sensitive labels reduce premium collection costs
Automatic typewriter reduces proof-reading
Product endurance test sparks worker interest
Free device tests fire risks to records*

*Insurance simplified for office equipment
Order point calculator aids inventory control
Factory production can be set up in 29 minutes
New literature of interest to management*

Books for management	80
Consensus: electronic briefs worth repeating . . .	87
Reading skills increase clerical productivity . . .	89
How to cut floor cleaning cost and time	96
Planning idea: Driverless tractor used in warehouse	97



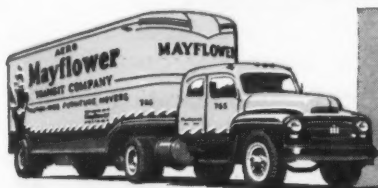
for Responsible Responsibility

CHOOSE MAYFLOWER LONG-DISTANCE MOVING SERVICE

► By "responsible responsibility" we mean: "We stand back of our service . . . we are prepared and able to make good on our promises." In long-distance moving it means a company that assumes *complete* and *undivided* responsibility for every move . . . and for every detail of every move. It means a company that is well-established . . . that *is* financially responsible. That's the kind of responsibility you can rely on from the Aero Mayflower Transit Co., Inc. . . provider of America's Finest Long-Distance Moving Service since 1929 . . . the first carrier to receive nationwide operating rights from the ICC . . . and the owner of the world's largest fleet of moving equipment.

AERO MAYFLOWER TRANSIT COMPANY, INC. • INDIANAPOLIS

Mayflower Service is available through selected warehouse agents throughout the United States and Canada. Your local Mayflower agent is listed under Moving in the classified section of your telephone directory.



AERO
Mayflower
NATION-WIDE
FURNITURE MOVERS

America's Finest Long-Distance Moving Service

(Circle 557 for more information)

MANAGEMENT METHODS

22 West Putnam Ave., Greenwich, Conn

Publisher

Jerome W. Harris

President

William S. Kline

Editor: J. W. Harris

Executive Editor: R. R. Conarroe

Managing Editor: Ira J. Bilowit

Feature Editor: Myron Chefetz

Art Director: Laurence Lustig

Editorial Consultant: Leslie M. Slote

Electronics Consultant: Felix Kaufman

Editorial Prod: Argyll S. Copeland

Advertising Prod.: Marie Farrell

Business Manager: Edwin D. Kline

Circulation: Viola Eickmeyer

Office Manager: Edith A. Pagnotta

Advertising Offices

New York 141 East 44th Street, MU 7-0583

Advertising Sales Manager: Charles L. Dermott
Richard H. Edlund—Harrison M. Rollins

Chicago 612 North Michigan Avenue, Del 7-0112

Western Advertising Manager: William S. Hutchings; Alfred A. Spelbrink

Los Angeles The Robert W. Walker Co., 2330 West Third Street, Dunkirk 7-4388

San Francisco The Robert W. Walker Co., 57 Post Street, Sutter 1-5568

A publication of MANAGEMENT MAGAZINES, INC.

22 West Putnam Avenue, Greenwich, Conn.
Greenwich 8-7330, 8-6927

President and Treasurer, W. S. Kline; Vice President and Secretary, J. W. Harris; Vice President, A. J. Kaiser



Member of Business Publications Audit

SUBSCRIPTIONS: In United States and Possessions, one year \$5.00. Canada, one year \$6.00. Single copies 0.50. Copyright © 1956 by Management Magazines, Inc. Accepted as controlled circulation publication at Bristol, Connecticut. Published monthly by Management Magazines, Inc., Emmett Street, Bristol, Conn.

Policy re manuscripts: The object of MANAGEMENT METHODS is to offer practical solutions to administrative problems. For that reason we never highlight a problem without offering at least a partial solution or a recommended course of action. Whenever possible, we like to offer the reader something he can do right now to correct a procedure or solve a problem in his business.

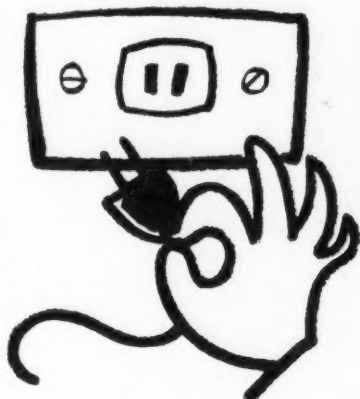
Much of our editorial material comes from business and management specialists, as well as from active businessmen, at all levels of management.

We endeavor to return all manuscripts. However, we assume no responsibility for material not specially requested by us.

MANAGEMENT METHODS

THE COFFEE BREAK IS HERE TO STAY!

Control it best with Kwik-Kafé



When you install hot coffee dispensers in the office, the idea is to see *how much*, not *how little*, coffee will be consumed.



Because if only a few employees use the dispenser, you can depend on it that the majority are getting their coffee elsewhere.



You won't control absenteeism that way—not without serious impairment of office morale. For the coffee break is a national habit.



Rudd-Melikian machines and Kwik-Kafé invariably outsell other makes. And the more a machine is used, the smoother the coffee break.



In one famous test case* a rival dispenser was putting out 25 cups a day. When a Kwik-Kafé machine was installed beside it . . .



the Kwik-Kafé machine's output quickly rose to 1600 cups a day! (And the staff was staying on the job—near their desks and telephones.)

*Names and details on request

Rudd-Melikian dispensers serving delicious Kwik-Kafé are installed and serviced by our nationwide network of franchised dealers free of charge where volume warrants, and on a trial basis, if you wish.

Get in touch with your local Kwik-Kafé dealer, or send direct to us for free booklet.



Push the button! Out comes a freshly brewed cup of coffee every time.

Rudd-Melikian, Inc. Hatboro, Pa.

(Circle 619 for more information)

Rudd-Melikian, Inc., Dept. 15K, Hatboro, Pa.

Send me free booklet, "Control your coffee break."

Your Name _____

Firm Name _____

Address _____

City _____ Zone _____ State _____

CONFIDENTIAL

PLANT LOCATION FACTS

on financial assistance the free enterprise way

Financing a new plant today is a problem for any business, large or small.

In New York State, many banks, insurance companies and investment houses are willing individually to help you in making arrangements to finance new operations or build new plants. In addition, by special charter of the State Legislature, there has been established in the State of New York the New York Business Development Corporation. This organization is privately financed and managed and specifically designed to assist qualified enterprises in financing new or expanded operations in the State.

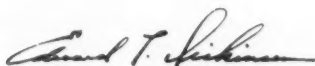
If you have a financing problem, our business is to put you in touch with the proper sources of capital. Therefore, whether you need mortgage money to help finance your new plant in New York State or working capital to cover expanded operations or to offset expenditures for moving into the State, do not hesitate to get in touch with us.

Financing won't be your only consideration in deciding on a new plant. You will want complete facts on labor, markets, water, available sites or buildings, power, fuel, transportation and raw materials, to mention just a few. And you will want information on these as they apply to the successful operation of a specific plant.

A tailor-made report

Any or all of the factors important to your analysis will be covered in a confidential report to you—tailored to your needs. It will be prepared by a professional and experienced staff to cover either New York State locations of your choice, or, if you wish, sites which we will select on the basis of your needs.

Our booklet, "Industrial Location Services," explains what we can do for you. To get your free copy, write me at the New York State Department of Commerce, Room 676, 112 State Street, Albany 7, New York.



EDWARD T. DICKINSON
COMMISSIONER OF COMMERCE

(Circle 608 for more information)

point and
counter
point



LETTERS TO THE EDITOR

Opinions on management consultants

SIR: Your current article on management consultants ["The businessman's opinion of management consultants." MANAGEMENT METHODS, September 1956] is interesting evidence of the growing importance of this relatively new profession.

The text, however, appears to interpret the survey results rather negatively. I submit the following statements as a truthful and accurate interpretation of your survey results as presented in the panel, "What They Said."

1. Of the recommendations made by the consultant, 100% were implemented at least partially.
2. Ninety per cent of those recommendations are still in effect.
3. Operation or morale was not disrupted at all in 82% of the assignments.
4. Half of the clients felt that they got their money's worth.
5. The consultant kept within original time and cost estimates 59% of the time.
6. Three-fourths of the clients still have confidence in consultants.
7. The specialized consulting firm is preferred to the large firm with complete services.
8. Eighty-two percent of the total clients feel that the consultant renders valuable service, but 23% feel that the service is too costly for them.

Note: Eighty-two per cent of the clients have used consultants more than once.

We feel that your interpretation of these same facts was somewhat less than objective. For example: You interpreted 41% as "significant" in one place and as "almost half" in another. A more positive (and accurate) approach, we feel, would have been to concentrate on the 59%—and even rounding it off to "almost two-thirds" would have been more correct.

You also said "... there is no central licensing or regulatory agency to control management consultant practices." Our Association of Consulting Management Engineers, organized in

1929, is such a body for the leading firms which constitute its membership.

BRUCE PAYNE
PRESIDENT

BRUCE PAYNE & ASSOCIATES, INC.
WESTPORT, CONNECTICUT

SIR: Since there are an unknown number of thousands of individuals and firms labeling themselves "management consultants," it is not surprising that experience by clients is not reported as universally satisfactory. Our association naturally is unhappy about this situation.

However, it is interesting that 82% of the firms surveyed in your study have used consultants more than once and that 76% continue to have confidence in consultants.

The Association of Consulting Management Engineers was organized 24 years ago for the purpose of aiding generally the profession as a whole and to aid directly the individual member firms in producing the most effective results with and for their clients.

It has long been one of our basic purposes to develop, maintain and enforce rigorous membership requirements and high standards of ethical professional practice which will make membership in the association a recognized mark of experience, stability, confidence and reliability.

WALTER J. SEMLOW
PRESIDENT
ASSOCIATION OF CONSULTING
MANAGEMENT ENGINEERS INC.
NEW YORK

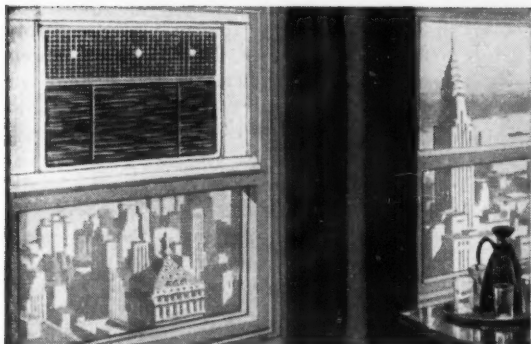
What is public relations anyway?

SIR: The analysis of company public relations by Messrs. Ruder and Finn in your September issue was fine as far as it went—but I don't think it went far enough. Certainly top management should think of PR opportunities in terms of the firm's public image and corporate personality.

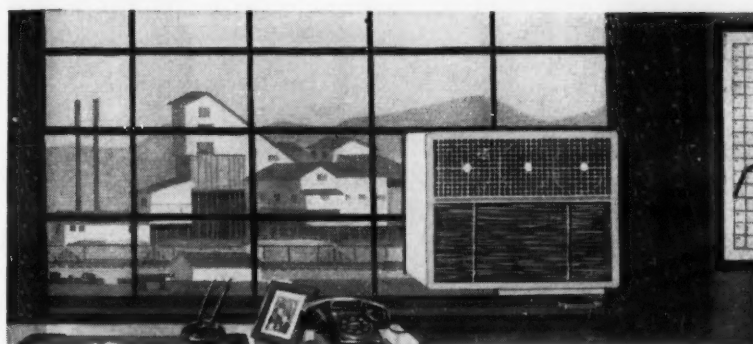
But it should be made clear that no

MANAGEMENT METHODS

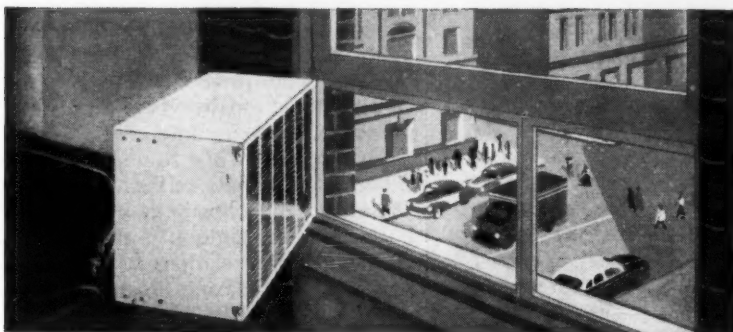
New G-E Thinline Room Air Conditioner fits anywhere—takes up $\frac{1}{3}$ less space



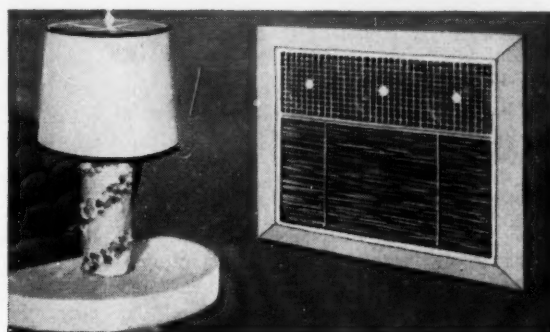
Fits in upper or lower half of double-sash window.



Fits casements, too—without alteration or mutilation of window.



Can be installed to swing open—allows access to outside for cleaning.



Through-the-wall installation—in new or old buildings.

Amazing versatility gives old and new buildings low-cost, area-by-area air conditioning

Because of its unique spacesaving design, the General Electric *Thinline* Room Air Conditioner can be installed in virtually any window space with little or no projection either inside or out.

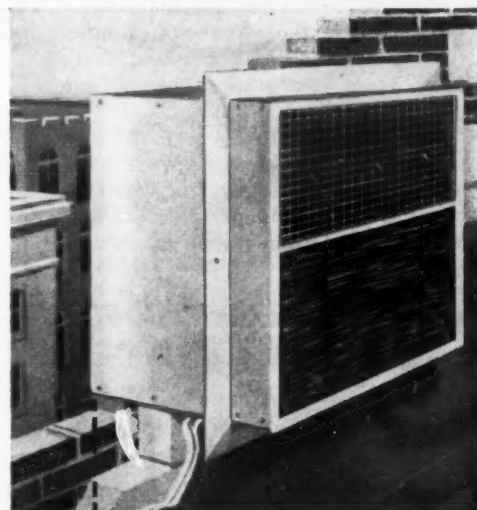
It can even be installed either all-inside or all-outside the windows and still project less than previous corresponding models.

Thinline Room Air Conditioner installation offers you efficient, low-cost operation by cooling only the areas of the building in use at any given time. With an Accessory Timer, available

at slight additional cost, *Thinlines* can be set to go on and off automatically on a pre-arranged schedule for a seven-day cycle.

When you invest in *Thinline*, you are assured of General Electric's famous dependability. You can rely on prompt delivery and installation. All units backed by a written guarantee.

The G-E *Thinline* is available in $\frac{1}{2}$, $\frac{3}{4}$ and one horsepower models, all in the same sized housing. General Electric Company, Appliance Park, Louisville 1, Kentucky. Most models available in Canada.



Only **16½** inches thin

Fits flush with wall, with little or no overhang. To install through the wall in new construction, build in the all-metal sleeve where you intend to place a *Thinline*. Seal the sleeve until you are ready to install the unit. Then, slip the unit into the sleeve for weather-tight installation.

Progress Is Our Most Important Product

GENERAL  ELECTRIC

Where could
she be?



SDP solves the problem

No matter how efficient your office, you may easily have overlooked the importance to lower costs of SDP — Strategic Dictionary Placement.

Dictionaries are essential business tools. The average stenographer checks the spelling or use of four words daily. Each time, she loses five minutes consulting an "available" dictionary somewhere else in the office — often interrupting others. At \$1.25 per hour, that's \$108.13 per stenographer going down the drain each year!

You can eliminate this profit-drain by equipping each person in your office with a personal desk copy of Webster's New Collegiate Dictionary—a Merriam-Webster. What's more, by minimizing

the human temptation to guess . . . by encouraging "the dictionary habit" . . . your business will gain the prestige of correctly spelled, precisely written, accurate correspondence.

Start cutting costs with SDP now — with Webster's New Collegiate Dictionary on every desk. Call your stationery, book, or department store. \$5. Thumb-indexed \$6.

CAUTION: Insist on a genuine Merriam-Webster

Only in the Merriam series of Webster's dictionaries will you find completely reliable and authoritative information based on more than a century of specializing in dictionary making.

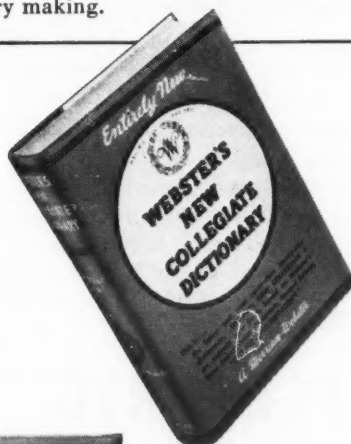
A Merriam-Webster

REG. U. S. PAT. OFF.

G. & C. MERRIAM CO., Springfield 2, Mass.



(Circle 658 for more information)



public relations counsellor, regardless of his abilities, can by his efforts alone make a sick company well or make a bad company good in the eyes of its employees, customers and neighbors. He cannot create speeches, statements or advertising campaigns that will alter a really bad PR situation, unless company policies and actions afford him PR or publicity "angles."

A competent PR man *can* favorably interpret and project company actions to various publics. He *can* develop or discover public relations-publicity opportunities for the company. He *can* counsel management on the public relations significance of company deeds. But management cannot expect the public relations man to trowel on plaster to "whitewash" ill-advised actions.

There is no professional mystery surrounding the practice of good public relations. In most cases, success depends largely on finding things one can talk about with pride. A public relations man must first counsel management on how to "do good," or unearth evidence of "good," and then interpret and project this aspect of corporate personality to the several publics of company interest.

To supplement the Ruder and Finn definition of public relations ("establish a favorable climate in which to do business"), I should like to add the classic: "Public relations is 90% doing right and 10% talking about it." This not only affirms that public relations is always present, whatever one's business, but also that good public relations is an extension of everything the company says and does. And the second definition also suggests the fine line that exists between public relations and publicity—not mentioned in the Ruder and Finn piece. Reduced to very simple terms, the "doing good" is public relations, and the "talking about it" is publicity.

I say "amen" to the authors' final thesis: all firms have public relations *all the time*. As one well-known PR man puts it: the choice is not if management should have public relations or not, but shall they be good or bad.

IRVING SMITH KOGAN
PUBLIC RELATIONS DIRECTOR
J. M. HICKERSON INC., ADVERTISING
NEW YORK AND DES MOINES

MM's new size

■ With the September issue, MANAGEMENT METHODS changed its size. The size change was based on the results of a survey in which 83% of readers responding said they prefer the present standard size to the former "super" size. Since the change was made, a large number of readers

MANAGEMENT METHODS



**Quiet
and Light...**
*For Beauty and
Efficiency*

Home Federal Savings & Loan Association, San Diego, Calif., ceiling installation of Acousti-Lux*†
Translucent Panels combined with Celotex® Tile. Architect: Frank L. Hope & Associates.

In this new Acousti-Celotex ceiling, a number of businesses are discovering a new way to create a modern office: *Acousti-Celotex Sound Conditioning Tile* . . . for an atmosphere of quiet comfort, where noises of equipment and everyday office routine are checked at the start. And *Acousti-Lux Translucent Panels* . . . for the most effective light diffusing system yet devised, resulting in glare-free illumination evenly distributed throughout the office.

*REG. U. S. PAT. OFF.
†U. S. PAT. NOS. 2,218,992 & 2,701,355

Efficient operation and maintenance —A carefully-engineered ceiling of Acousti-Celotex Tile and Acousti-Lux Translucent Panels is quickly installed in existing buildings or during new construction. The products are designed for practical maintenance performance . . . the tile can be washed or cleaned and can be repainted repeatedly without loss of sound absorption efficiency . . . the translucent panels are easily removed and washed when necessary

and, because Acousti-Lux units are actually double panels, they do not show the dirt and dust which may fall on the back of the panel.

No Charge for "Know-How," for you do not pay a penny for the most important part of Acousti-Celotex service —30 years of sound engineering experience—in installations of all types, under all kinds of acoustical conditions.

Mail the Coupon for complete information without obligation.

ACOUSTI-CELOTEX
REGISTERED U. S. PAT. OFF.
Sound Conditioning



Products for Every Sound Conditioning Problem—The Celotex Corporation, 120 S. LaSalle St., Chicago 3, Ill. • In Canada: Dominion Sound Equipments, Ltd., Montreal, Quebec

(Circle 563 for more information)

MAIL COUPON TODAY!

The Celotex Corporation, Dept. MM-106
120 S. La Salle St., Chicago 3, Illinois

Without cost or obligation, please send me full details on
ACOUSTI-LUX TRANSLUCENT PANELS and Acousti-
Celotex Sound Conditioning Materials.

Name

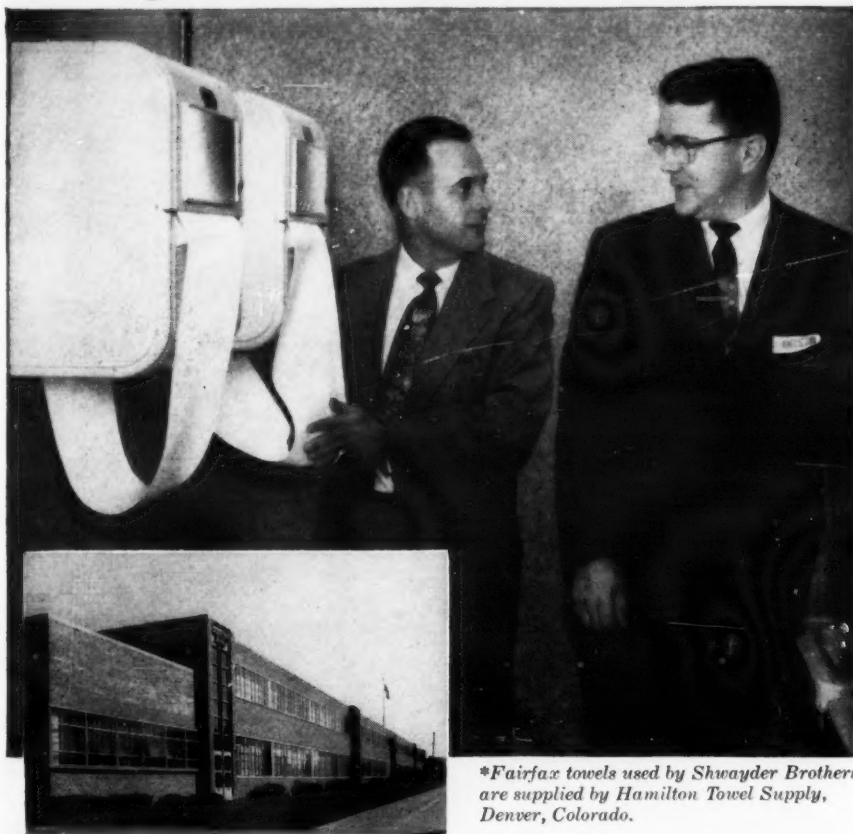
Firm

Address

City Zone State

OCTOBER 1956

Makers of famous SAMSONITE LUGGAGE go 100% for cotton towels*



**Fairfax towels used by Shwayder Brothers are supplied by Hamilton Towel Supply, Denver, Colorado.*

● Samsonite luggage—made by Shwayder Brothers—accounts for more than a fourth of the nation's retail luggage sales. Shwayder is also a leading exponent of cotton towels for plant and office use. At their Denver headquarters the most modern business methods are combined with a real old fashioned interest in the comfort and well-being of their employees. With these two basic concepts in mind, Shwayder tested all types of washroom equipment—and chose cotton towels. They find their employees really appreciate the soft, “at-home” touch of cotton towels. And management goes for the lowered maintenance costs, reduced fire hazard and cleaner, tidier washrooms. No wonder Shwayder Brothers have used cotton towel service continuously for over 25 years.

So take this tip from wise management—give the towel job to cotton in your office building, plant or institution. Write for free booklet which explains how cotton towel service will help you. The address: Fairfax, Dept. G, 65 Worth Street, New York 13, N. Y.

Here's How Linen Supply Works...

You buy nothing! Your linen supply dealer furnishes everything at low service cost—cabinets, pickup and delivery, automatic supply of freshly laundered towels and uniforms. Quantities can be increased or decreased on short notice. Just look up LINEN SUPPLY or TOWEL SUPPLY in your classified telephone book.



Clean Cotton Towels...

Sure Sign of Good Management

Fairfax® Towels

A PRODUCT OF WEST POINT MANUFACTURING CO.
WELLINGTON SEARS CO., SELLING AGENTS, 65 WORTH STREET, NEW YORK 13

(Circle 634 for more information)

have written to us expressing an opinion on the new size. All have been favorable; following are a few samples.

EDITOR

SIR: Just a line to tell you that I feel that a real improvement has been made in your publication, **MANAGEMENT METHODS**, by its change in size . . . I think that the change in size will be welcomed by all your readers.

GEORGE F. S. ELDER
BROWN BROTHERS HARRIMAN & CO.
PHILADELPHIA

SIR: I like the new **MANAGEMENT METHODS** format. Congratulations on the progress that you and your magazine have made.

H. O. FROHBACH
PRESIDENT
CHART-PAK, INC.
STAMFORD, CONNECTICUT

SIR: You are to be congratulated upon changing the size which, I am sure will be more appreciated by all receiving your wonderful magazine.

F. M. ROOS
PURCHASING AGENT
CONSOLIDATED METAL PRODUCTS CORP.
ALBANY, N. Y.

SIR: May I commend the publisher and editorial staff for the highly professional job that is being accomplished in this publication for private and public administrators.

RICHARD L. BLACK
BUSINESS ADMINISTRATOR
CITY OF ENGLEWOOD
ENGLEWOOD, N. J.

SIR: . . . this issue is a great improvement over previous issues. The size is handy to hold while reading, and easy to file for future reference. . . . I especially liked the brief summary in italics on the contents page and the two color headings in columns which add to the ease of reading. . . . The new features and the profile series are excellent additions to the publication.

JOHN F. PIERCE
MANAGEMENT CONSULTANT
BOSTON, MASSACHUSETTS

FMC management development

SIR: In publishing my article on “Case history results of a management development program” in your September 1956 issue, you omitted one short paragraph which is, I believe, significant in appreciating our philosophy at

MANAGEMENT METHODS

The hand is not quicker than the Tickometer—

*...imprints, stamps, cancels & counts
as many as 1000 pieces a minute!*

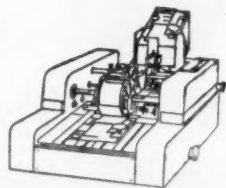
The Tickometer works eight to ten times as fast as a conscientious girl, and more accurately! It takes over those tedious, repetitive tasks of counting and marking that take so much time, eat up so much of your payroll.

- Thousands of companies are speeding procedures, showing worthwhile savings—by imprinting checks, coupons, sales and production slips, tags, tickets, product labels, etc. with the Tickometer. *It has innumerable applications. And it is so accurate that banks trust it to count currency!*
- The Tickometer is easy to set, can be used by anybody. Feeds and stacks automatically, registers part or whole runs. Sold or rented. Nationwide service, from 289 cities. Ask the nearest PB office for a demonstration. Or send the coupon for free illustrated booklet, and case studies.



New Package Imprinter

Imprints folding cartons, containers, bags—at speeds up to 7,500 an hour. Even does imprinting on envelopes and dealer literature. Sharply reduces volume and variety of carton inventories, avoids waste in preprinting. Can be used by anybody. Ask for demonstration, or send coupon below.



Pitney-Bowes

TICKOMETER

Counting & Imprinting Machine

*Made by originators of the postage meter
... offices in 94 cities in U. S. and Canada*

See our exhibit at National Business Show, New York Coliseum—October 15-19.

(Circle 611 for more information)

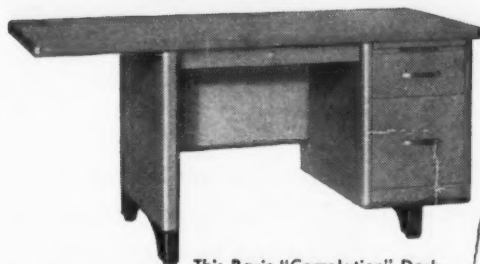
PITNEY-BOWES, INC.
4546 Walnut Street
Stamford, Conn.

- ☐ Send free Tickometer booklet & case studies
- ☐ Send free Imprinter booklet & case studies

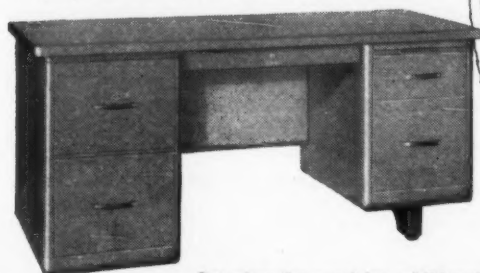
Name _____

Address _____

This Desk Meets Any Space Requirement



This Basic "Correlation" Desk is compact and efficient . . . the right desk for literally dozens of general office uses.



But when the need for additional filing and storage space arises . . . just add a second pedestal, simply and quickly.



. . . and if you desire a completely integrated work center . . . attach this modular cabinet and shelf unit.

It's Easy
and Economical
to Expand
Because it's
"Correlation"

When you need more work or storage space, you can add it quickly and economically because Correlation modular units are completely interchangeable. Think what that means . . . no need for a completely new desk each time you need more work space.

But there's far more to Correlation than its remarkable flexibility and economy. For Correlation is a superbly crafted family of fine office furniture, designed from floor to top for greater comfort and working efficiency.

If you consider office furniture a long term investment—and you certainly should—then you owe it to yourself to learn more about Correlation—the desk with a future. Call your STEEL AGE Dealer this week for the complete story. And for an advance briefing, mail coupon for brochure.

Steel Age

"The Quality Choice
of Modern Offices"

Branch Offices:

Atlanta • Boston • Chicago
Dallas • Detroit • New York
Oakland • Philadelphia • Seattle

Corry-Jamestown Mfg. Corp.
Dept. F-3, Corry, Pa.

Please send me a free copy of your "Correlation"
Desk Brochure.

NAME _____

COMPANY _____

STREET _____

CITY _____ STATE _____

(Circle 568 for more information)

Food Machinery and Chemical Corporation regarding the performance review.

The paragraph reads as follows: "The second and even more basic reason for developing our method (*i.e.*, the performance review) is our belief in employee self-development. We feel that an individual's progress is a highly personal matter dependent in large part on his own effort, initiative and interest. We also feel, however, that a man's effectiveness can be increased by the help of his associates. In the performance review, their comments—distilled from close association—carry great meaning to the thoughtful aspirant for increased responsibility."

We are certainly pleased at the reader interest in the two stories on our FMC program which you have published.

A. T. LOEFFLER

VICE PRESIDENT

FOOD MACHINERY & CHEMICAL CORP.

NEW YORK

Females in engineering

SIR: As Secretary to a Vice President in a \$35,000,000 chemical company, I have worked with highly educated technical executives and engineers for over fourteen years, learning much from my expediting boss. . .

There was an article in the August 1956 issue of this magazine, entitled "Four More Ways to Solve the Engineering Shortage." The fourth way was "Cut Non-Engineering Duties From Engineering Jobs." You said, "It frequently develops that job specifications call for engineering degrees when the work could be handled by those of lesser attainments . . . one method . . . is by upgrading shop men to make them available as assistant engineers." Why not up-grade women? Reflect, please, on the paper work involved in any engineering job.

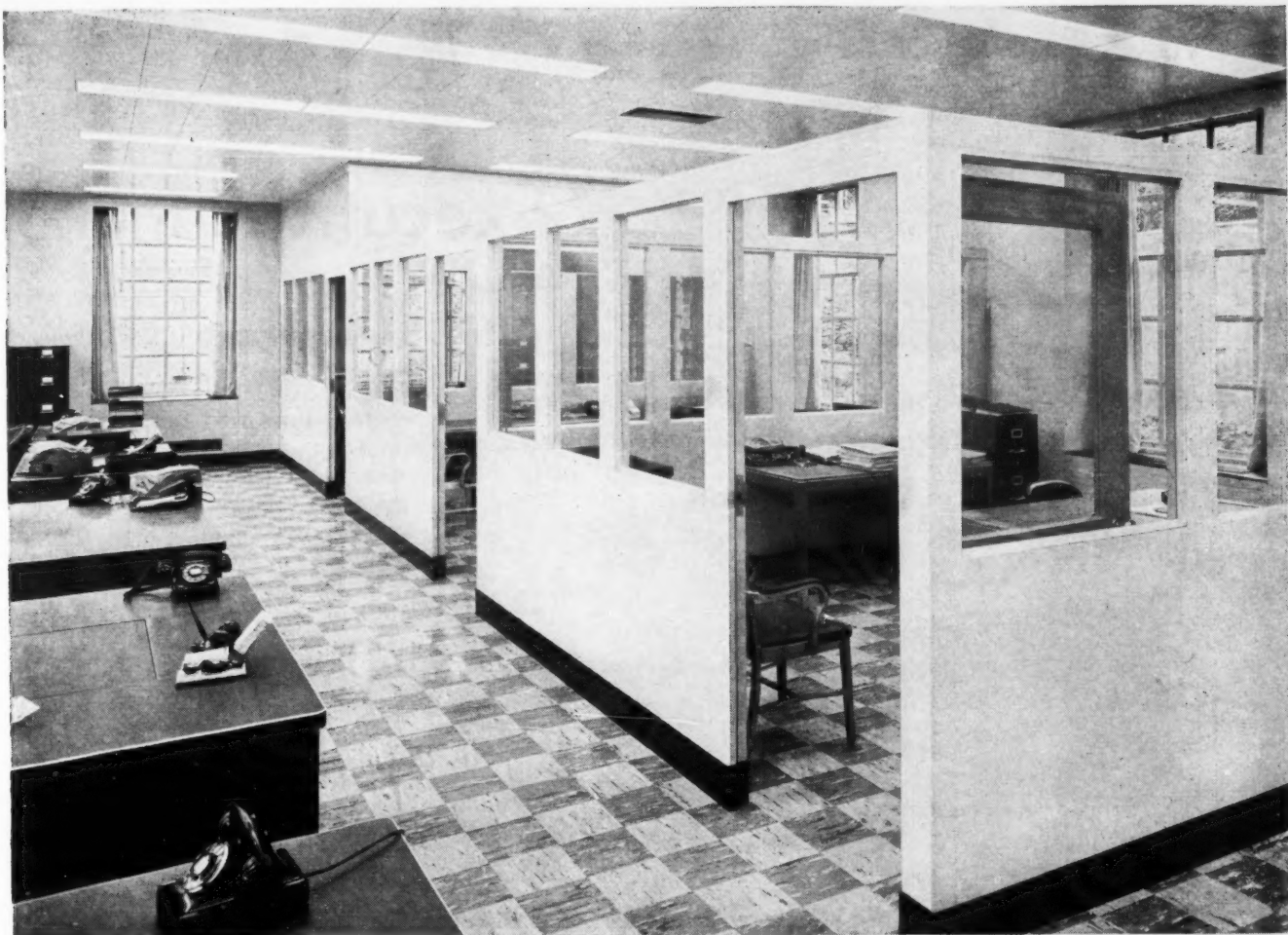
In many cases management would find that appraising the talent of these women (and using that talent properly) would automatically answer two problems—help the engineering shortage and solve what to do with the secretaries of retiring officers when replacement executives bring their secretaries with them . . .

Here is where the engineering executive could use the services of a capable former secretary, as an assistant or auxiliary. (You name it. You men with the marketing, advertising, and technical brains could think of an appropriate title for such a position. Also, you could *create* a job, with appropriate job specification.)

CANDY CAINE

MEMBER, SECRETARIES ASSOCIATION
CHICAGO, ILLINOIS

MANAGEMENT METHODS



Firemen's Mutual Insurance Company, Providence, R. I.

Cram & Ferguson, Architects

Gilbane Building Co., Inc., Builders

Mills Movable Walls provide space control, insure efficiency at Firemen's Mutual

Firemen's Mutual Insurance Company was founded in 1854. It is only natural that this organization with more than a century of know-how and experience back of it would provide for *constant* efficiency in the lay-out of space in its new headquarters. All of the building's interior walls are Mills Movable Metal Walls.

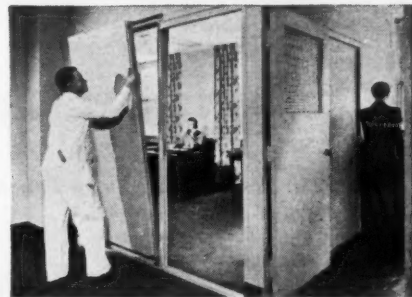
Mills Walls promote efficiency — both present and future. They enable you to get maximum productivity through the most effective use of space. When changes in space requirements make new layouts advisable, these walls can be taken down, moved and re-erected quickly and easily, with a minimum of labor and at very low cost. Changes can usually be completely made overnight or during a week end.

As modern and attractive as they are efficient, Mills Walls combine this

complete flexibility with distinctive architectural design and structural stability. They are thoroughly insulated and sound-proofed and provide easily accessible lay-in raceways for electrical wiring and controls.

Available in a wide range of pleasing modern colors and finishes, Mills Walls have baked-on enamel surfaces specially treated to eliminate all harsh light reflections. They require no maintenance whatever except occasional washing to keep them looking always their efficient best.

THE MILLS COMPANY
926 Wayside Road, Cleveland 10, Ohio



Mills Walls can often be moved in a matter of hours — without dust, debris, commotion or interruption of normal business routine.

Write for the new 68-page Mills Catalog—it's a practical work book on Space Control.



(Circle 596 for more information)

Why top executives make

"Making the sale" isn't the main objective. Most companies report the use of executive talent to get and keep better customer relations

It is a widespread practice for top executives to move out of their offices and into the field to make sales calls. But a new MANAGEMENT METHODS survey shows that the objectives companies seek through this practice are often widely divergent—at least on the surface.

Of the cross-section of firms covered in this survey, 84% said they

WHAT THEY SAID

1. On whom do your executives call?

Present customers	31%
Prospects	6%
Both	63%

2. At what customer level do executives call?

Management only	31%
Purchasing only	13%
Both	56%

3. Do your executives call with or without a salesman?

Both with and without	69%
Only with a salesman	31%

4. How often do executives make sales calls?

Frequently	33%
Infrequently	54%
Rarely	13%

5. What do you rate as the primary objectives of executives sales calls?

NOTE: Respondents were asked to give three objectives; the following percentages are based on cumulative total response.

● Explain over-all company policy	17%
● Check on customer relations	16%
● Make customers feel important	16%
● Seek ideas for improvement	12%
● Contribute specialized knowledge	10%
● Help make sales	10%
● Broaden executive viewpoint	7%
● Entertaining customers	6%
● Trouble shoot problems and complaints	4%
● Training salesmen	2%

sales calls

use top executives (*other than sales executives*) for sales contact work. "In our company it's a must," said a secretary-treasurer of a tool designing firm with six salesmen.

But most of the companies in the survey use executives as salesmen only on an irregular, infrequent basis and some firms (13%) do so only rarely.

The findings make clear few executives call on customers and prospects for the primary purpose of helping the salesmen to make actual sales. Only 10% of the response showed this to be among the three major objectives.

Yet the survey does reveal that even some of the biggest brass in some of the biggest corporations consider personal customer contact part of their job. The practice was shown to be particularly strong among manufacturing firms and those that sell their products or services for use by other companies. One large insurance company, for example, reported that it would be unlikely for its top executives to devote time to calling on individual policyholders, but that the top men frequently call on business concerns that are customers or prospects for group policies.

Building customer relations

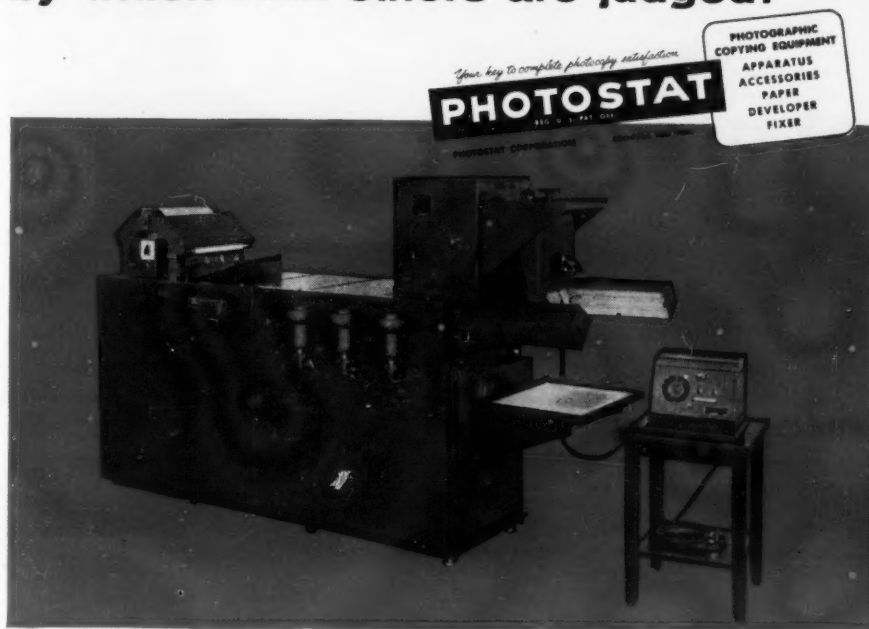
Despite the array of different reasons reported by the surveyed companies for using top "non-sales" executives for sales calls, in most cases the reasons are related on a common base. For example, in at least half of the cases it seems to boil down to a basic matter of building, maintaining, and strengthening customer relations. As shown in Question 5 of the chart at left, the reasons most often reported were: 1) to explain company policy to the customer, 2) to check on customer attitudes, and 3) to make the customer feel important. The lack of emphasis on training salesmen, entertaining customers, and trouble-



Earliest Model of
PHOTOSTAT®
Photographic Copying Apparatus
(Manually Operated)

It sets the standard

by which ALL others are judged!



Modern Electrically Operated
PHOTOSTAT® Photographic Copying Apparatus

Nearly fifty years ago, the first units of PHOTOSTAT Photographic Copying Apparatus were installed and successfully operated — pioneering a new method in the economical copying of records of all kinds.

Over the years, by the hundreds, and then by the thousands PHOTOSTAT products have spread throughout the world. New and improved models of apparatus have constantly been added, until today they serve commerce, industry and government with the best that can be had in modern photographic copying equipment. This type of

progress and product improvement is a continuing process here.

This is the outstanding reason why you should always be sure to look for the PHOTOSTAT symbol and insist upon it, before you purchase any photographic copying equipment.

Whether your need is large or small, you will find a model of the size and type to serve you most economically.

Consult the nearest of our trained service representatives in all principal cities in the U.S., coast to coast, and in Toronto, Canada . . . or write us direct for our prompt, interested attention.

PHOTOSTAT CORPORATION

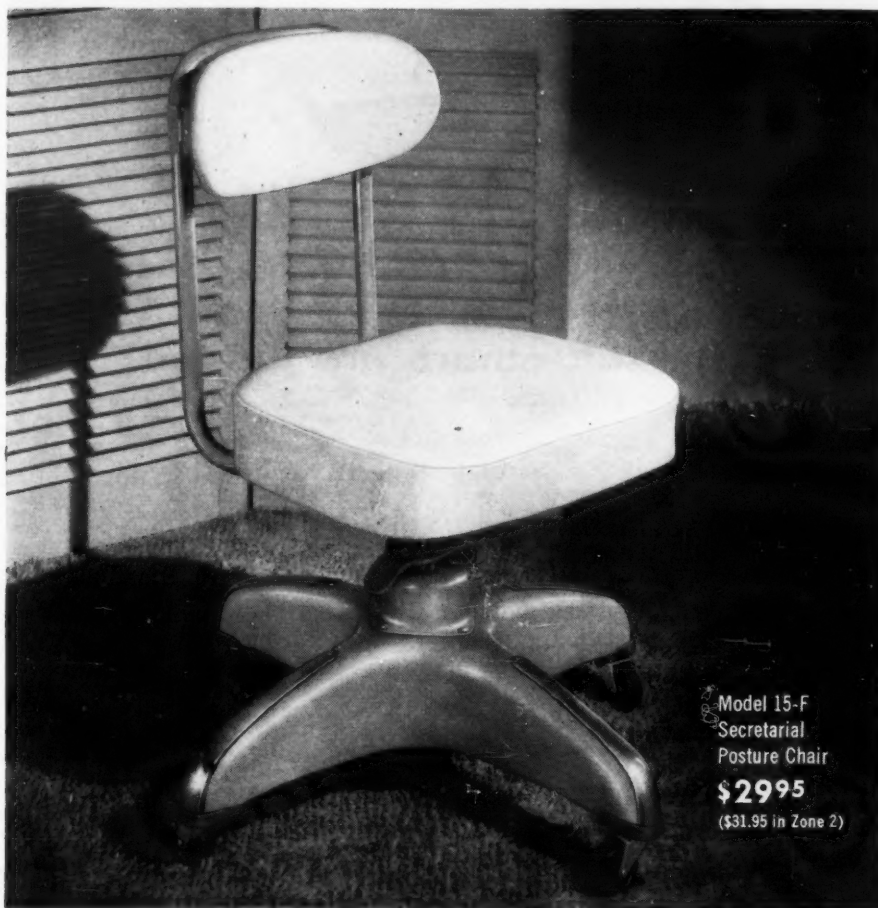
P. O. BOX 1970-C
ROCHESTER 3, NEW YORK

PHOTOSTAT is the registered trademark
of PHOTOSTAT CORPORATION

(Circle 609 for more information)

"Office fashioned"

TO LOOK BETTER, FEEL BETTER, WEAR BETTER!



Model 15-F
Secretarial
Posture Chair
\$2995
(\$31.95 in Zone 2)

COSCO®

You'll raise her output, and her morale, with this smart, adjustable chair by Cosco! All Cosco chairs are "Office fashioned"—designed by seating engineers and mass-produced by skilled craftsmen, to look better, feel better and wear better than other chairs costing twice as much. Your Cosco dealer is ready to prove this, with a free ten-day trial. Call now!

Find your **COSCO Office Furniture** dealer in yellow pages of phone book or attach coupon to your letterhead

HAMILTON MANUFACTURING CORPORATION, Dept. MM-117, Columbus, Ind.

- ☐ Without obligation, I would like a COSCO Secretarial Chair on free 10-day trial.
☐ I also want free trial on Executive Chair ☐ Conference Chair
☐ General Chair ☐ Full information on COSCO Business Furniture

Firm.....

By.....

Address.....

Also available in Canada, Alaska and Hawaii through authorized COSCO dealers.

SECRETARIAL CHAIR

Model 18-TA
Executive
Posture Chair
\$49.95
(\$52.45 in Zone 2)



Model 23-L
General Chair
\$15.95
(\$17.95 in Zone 2)



COSCO Business Furniture offers comparable values in chairs, settees, sofas, and occasional tables.

(Zone 2—Texas and 11 Western States)
COPYRIGHT, 1956

shooting problems implies that these matters are generally left in the sales manager's domain.

Further evidence of the striving to build better customer relations is shown in the response to a question about the customer level visited by top executives. A high 31% reported going exclusively to the management level, as contrasted to 13% who deal only with the purchasing level. However, the largest portion, 56%, reported top executive sales calls at both levels.

The respondents indicated that their top executives make sales calls selectively, mostly in connection with only "big customers and prospects" or "very important ones."

Although a few respondents could think of no major disadvantages to executive sales calls, 40% said one of the biggest obstacles is the amount of time it requires. Also significant, but of lesser importance, were answers that "customers soon grow to expect it" and "it's expensive."

WHAT
THEY
SAID

A review of current surveys

Air conditioning for employee comfort seen as trend

A definite trend has developed toward air conditioning of industrial plants for employee comfort as distinguished from air conditioning purely for climatic control for industrial processes. This is the conclusion of a survey conducted by The Trane Company, La Crosse, Wisc., of leading consulting engineers and architects.

The trend is particularly noticeable in the South, where some consulting engineers have estimated that as many as 75% of new factories—and 50% of all factories—will be air-conditioned for employee comfort by 1960, and that 90 to 100% of factories will be so equipped by 1970.

But the trend is also spreading to the North—particularly in factories involving high skills, such as in the electronics industry.

Factors in the trend include competition in industry for skilled help, the desire to maintain employee efficiency in hot weather and pressure from labor unions. m/m

"Engineer" the headaches
out of your paper work

...with
the world's most
versatile
copying process

Here's how

OZALID

cuts way down
on your paper-work
costs in these
3 BASIC OFFICE
SYSTEMS

Now, the famous Ozalid *Direct Copy* process, which revolutionized the production of drawings for engineers, can be applied to *your* office operations.

With Ozalid *Direct Copying* in just three of these—order-billing, purchase-receiving, accounting—you save all the costly personnel time now required for hand-copying, retyping and proofreading. You free personnel for more productive work . . . end manual copying errors . . . reduce your forms inventory . . . and gain many other specialized time and cost-saving benefits.

written just once

Order-
Invoicing

Purchase-
Receiving

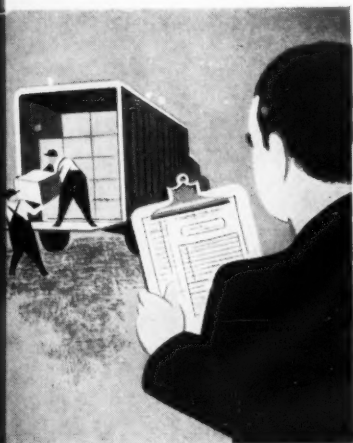
Accounting
Records



- You start with an order filled out by your salesman or clerk. Information added at every step is reproduced immediately by Ozalid. Color-coded Ozalid copies—turned out in seconds—serve as customer confirmation, credit and inventory record, packing slip, accounting record, invoice. Duplicate paper work and manual copy errors are eliminated. Shipments and bills get out sooner. Customer service is improved. Back orders are processed without rewriting.

WESTERN HARDWARE WHOLESALE SAYS:

"Before Ozalid, seven clerks handled 600 invoices a day. Now—we turn out 1,000 a day—and *one clerk*, not seven, does the entire job. The other six have moved up to more productive work."



- Varied, color-coded Ozalid copies speed purchasing information to every department in buying, receiving, paying operations. Issuance of Purchase Orders is accelerated . . . preparation of Receiving Reports is simplified. *Direct Copying* ends rewriting requests for quotations . . . provides better control over partial receipts and past-due shipments . . . reduces filing time and space.

MIDWEST PUBLIC UTILITY SAYS:

"By building our purchase order system around Ozalid, we have estimated a saving of more than \$24,000 in the cost of producing and handling purchase orders."



- Ozalid *Direct Copying* ends retyping and proof-reading . . . eliminates monthly typing jams . . . saves hundreds of hours of costly typing time. You make *any number* of clean, legible copies of reports, records, schedules, tax returns, whenever you need them. You turn out cumulative and comparative reports simply by posting current figures and reproducing new, updated reports—without recopying or typing.

EASTERN PLANT CONTROLLER SAYS:

"Greatest work-saver we ever had . . . takes the pressure off our girls, saves us payroll time. We no longer have those desperate night sessions where the girls have to sweat out extra copies of reports."



Perfect copies in seconds...Clean, Dry, Ready-to-Use

An Ozalid machine will make copies of anything written, printed, typed or drawn on any paper that transmits light. You get an exact, legible *dry* copy in a matter of seconds, without stencils, inks or negatives, under *any* light conditions.

Lowest cost per copy: You pay less than a penny for a letter-size sheet of Ozalid sensitized paper. You can make copies in *colors*, on the widest variety of materials—cards, cloth, acetate. And no special skills are required. Anyone can operate an Ozalid machine!

Ozalid, Department J-10, Johnson City, N. Y.

Please send more information showing how Ozalid *Direct Copying* can help us in these departments:

- | | | |
|---|---|--------------------------------------|
| <input type="checkbox"/> Order-Invoicing | <input type="checkbox"/> Accounting | <input type="checkbox"/> Engineering |
| <input type="checkbox"/> Purchase-Receiving | <input type="checkbox"/> Production Control | <input type="checkbox"/> Sales |

Name

Firm Position

Address

City State

MAIL COUPON FOR MORE INFORMATION TODAY

OZALID[®]
DIRECT COPY SYSTEMS

A Division of General Aniline & Film Corporation.
 In Canada—Hughes Owens Company, Ltd., Montreal

too good to miss

Advertising's management responsibility



"Advertising should be judged by management not on its ability to sell, but on its ability to tell; not on its ability to make a sale, but on its ability to create a more efficient

salesman.

Today's advertising manager must turn his creative talents from advertising to creative selling. He must step up into the management marketing team as an expert on markets and motivation."

DAVID F. AUSTIN, EXECUTIVE VICE PRESIDENT—COMMERCIAL, U.S. STEEL CORP., IN A SPEECH BEFORE THE 34TH ANNUAL CONFERENCE OF THE NATIONAL INDUSTRIAL ADVERTISERS ASSOCIATION.

A new concept of industrial development



"To meet the need for a healthy and progressive pattern of [industrial] growth, a relatively new concept has come into being . . . the creation and development of *organized and planned industrial districts* which are the counterparts of organized and planned residential districts or subdivisions.

In such a district, the land is subdivided and developed according to a comprehensive program for the use of a *community of industries*, with streets, utilities and railroad leads already installed before sites are sold to prospective occupants.

There are countless advantages . . .

The community can segregate industrial activity into one or more desirable locations which can be strictly zoned and controlled.

The cost of extending utilities and other community services to scattered fringe areas around the city can thus be minimized.

Complaints by residential property owners, which arise as a result of establishing small, unplanned and scattered industrial sites, can be eliminated.

By controlling the areas through zoning and restrictive covenants, the higher class and more stable types of enterprises are brought to the community with resultant benefits to its economic base.

By control of architectural design

Everybody keeps asking

"How much does it cost?"

Here are the answers:

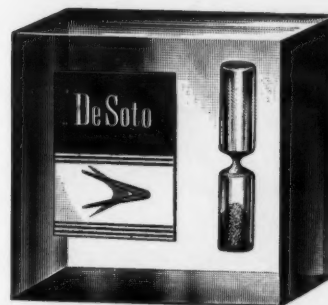
The handsome pen-set

with a brass nameplate imbedded in clear-plastic has an Esterbrook Pen and costs about \$7.50 each. It's often used as an employee award.



The Plastallion Timer Paperweight

the most popular item in our line—runs about \$2 each for quantity users. It measures about 3 1/4" x 3 1/4" x 1". The Timer makes an impressive long-lived remembrance piece.



Our keytags

sell for as little as 17¢ each, complete with the chain. The prismatic keytag illustrated runs approximately 50¢ each. It's a perfect low-cost way to keep your product name before your customers.



Plastallions in Stock—for Christmas gifts

If you're thinking about a year-end gift program, why not make your gifts this year do double duty? Plastallions are available from stock in many forms—including Timer Paperweights and cigarette boxes with beautiful old Confederate bills imbedded in the lid.

Free 30 page catalogue

Send for our free catalogue illustrating a variety of personalized and stock Plastallions—paperweights, keytags, pen-sets, cigarette boxes, cigarette lighters, etc.—with prices in any quantity.

CREATIVE PLASTICS CORP.

Stony Brook, Long Island, New York

(Circle 656 for more information)



In business communications

DICTABELT SUPPLIES THE MISSING LINK

Communications? That's a long word for the apparently simple problem of "getting your ideas across to the right people."

But—today's executive often finds his toughest challenge is just this: how to reach all the necessary people with the ideas that are his stock in trade.

Dictaphone's exclusive DICTABELT record was tailored to this need—to supply a simple, fast, efficient link between minds. To speed letters, memos, reports, directions, ideas on their way, you just pick up the mike of the TIME-MASTER dictating machine and think out loud. Instantly, the work's off your mind—and onto the crystal-clear, unbreakable DICTABELT record.

Other unique DICTABELT advantages: you mail or file DICTABELT like an ordinary letter. Dictation is permanent—can't be erased or changed. Dictation is visibly recorded—so you can't lose your place. And the real cost of DICTABELT dictation is less than any other method.

We'll be happy to demonstrate how DICTABELT and TIME-MASTER can help you communicate better. Contact your local Dictaphone office or write Dictaphone, Dept. ME, 420 Lexington Ave., N. Y. 17, N. Y.

The Dictaphone TIME-MASTER dictating machine "Takes the words right out of your mind."

DICTAPHONE CORPORATION

In Canada, write Dictaphone Corporation, Ltd., 204 Eglinton Ave. East, Toronto . . . in England, Dictaphone Company, Ltd., 17-19 Stratford Place, London W.1. Dictaphone, Time-Master and Dictabelt are registered trade-marks of Dictaphone Corporation.

(Circle 572 for more information)

and materials used in constructing the plants, esthetically pleasing industrial installations result. . . . It is this kind of industrial location that modern industry is looking for when it seeks a new home or site for a new branch operation."

DONALD V. FRASER, PRESIDENT, MISSOURI-KANSAS-TEXAS RAILROAD. FROM AN ADDRESS AT THE ANNUAL MEETING OF THE TULSA CHAMBER OF COMMERCE.

For a copy of the complete text which fully details the plan's operation, circle number 699 on the Reader Service Card.

Train your retail salespeople



"Some people say that interest in retail salesmanship is dying, day by day. They feel that the excellent sales record of many of our stores has not been the result of superior salesmanship, but is largely due to the high degree of general prosperity. . . . Many store executives feel that there is a great need for better personal salesmanship in the retail field. Their salespeople often give the impression that they do not care what happens from one day to the next. Lacking the knowledge that can only be gained with proper sales training, they have no incentive to sell. Lack of progress causes them to gradually acquire the feeling that they are not in the right line of business. . . . It is seldom that one who feels particularly qualified for the work in which he is engaged, decides to seek work elsewhere.

Is motivating salespeople such a "hopeless task"? Many retail executives have more or less given up the ghost, deciding that the main thing to do now is concentrate on new forms of display and advertising; to *pre-sell* the customer, so that little effort will be required by salespeople. In carrying out this decision, they have cut short on sales training, or abandoned it altogether.

This cannot be the answer. Merchandise that can be pre-sold can also be distributed by self-service methods. Salespeople are being paid salary and commission for one primary purpose: to sell merchandise that cannot be sold by advertising and display alone; that cannot be sold except through personal contact. Salespeople must be *trained* if they are to sell effectively.

JOHN M. WILSON, VICE PRESIDENT, SALES, THE NATIONAL CASH REGISTER COMPANY, DAYTON, OHIO. FROM A BOOKLET, "WHAT'S THE SCORE?"

For a free copy, circle number 697 on the Reader Service Card.

Mr. Horton's quiet nonsense brings down the house



EDWARD EVERETT HORTON
Currently Starring With
His Own National Company
in a Repertoire of Plays

When Edward Everett Horton does his famous take-off of a bewildered man grappling with life, audiences howl with noisy, happy laughter. But noise in your office is out of place. Jangling phones, clattering typewriters, buzzing conversation . . . they all cause errors to mount. Office noise (and this is a *proven fact*) can cost you money!

Gold Bond Travacoustic Ceilings keep offices quiet. Travacoustic® tiles sponge up distracting noise. Lightweight, easy to install, they resemble travertine stone and are just as fireproof. Travacoustic ceilings have a smart, "custom-made" appearance, because no two tiles carry the same surface markings. They clean easily with a vacuum-cleaner attachment. And Travacoustic Tiles can be painted again and again without affecting sound absorption.

FREE—Noise-Reduction Kit—It's packed with suggestions on how to reduce distracting noise in offices, stores, factories, homes. Contains photos and case histories of how stubborn noise problems were solved. Mail coupon now for free kit. No obligation.



SEND FOR FREE KIT

National Gypsum Company
Dept. MM 106 Buffalo 2, N. Y.
Please send me the free Noise-Reduction Kit that contains many acoustical case histories and tells how I can reduce errors and increase efficiency through sound conditioning.



Name _____
Company _____
Street _____
City _____ Zone _____ State _____



There's no doubt that you're looking at the best when you watch the famous rope trick . . . and you'll recognize the same quality of superiority the very second you see and touch Rising Winsted Wedding . . . head and shoulders above all other formals in its rich beauty, its lasting crispness. Created by Rising Paper Company of Housatonic, Massachusetts.

Rising
FINE PAPER AT ITS BEST

(Circle 617 for more information)

tax quiz RECENT COURT CASES

by Benjamin Newman

Tax Attorney, Koenig and Bachner, New York.

THE QUESTION

Is the amount paid by a fire insurance company on a claim conclusive evidence of the amount of loss caused by a fire?

THE FACTS

Taxpayer was the owner of a fourteen room house which he had purchased in 1947 for \$65,000. In 1949, a fire caused extensive damage to the house and its contents. Appraisals after the fire by two qualified real estate men and by the contractor who had originally built the house resulted in an estimate that approximately \$42,000 would be required to put the house back into the condition it was in prior to the fire. Taxpayer carried \$30,000 fire insurance. However, differences arose between taxpayer and the fire

insurance adjuster as to the amount of damage. In order to avoid extensive delay and the added expense of an arbitration proceeding, taxpayer agreed to accept the sum of \$23,296 in full settlement of his claim against the insurance company. In his 1949 income tax return, taxpayer deducted as a fire loss the sum of \$42,000, less the amount of insurance recovery. The Commissioner of Internal Revenue contended that the insurance settlement was indicative of the actual loss.

THE RULING

Generally, the amount of money received from a fire insurance company or the amount allowed, is indicative of the amount of fire loss. But it is not a conclusive determinant. There are exceptions to the rule, and the taxpayer is burdened with the duty of proving otherwise. After hearing all the evidence before it, the Tax Court determined

that taxpayer suffered a loss in the sum of \$36,000 less the insurance recovery. In view of the circumstances under which the settlement with the insurance company was made, that settlement is not controlling as to the amount of taxpayer's loss, concluded the Court. (*Hollington vs. Comm. of Internal Revenue, U. S. Tax Court, decided 5/31/56.*)

THE QUESTION

Should income tax that is withheld be pro-rated in the case of an employee who is on a weekly basis and does not work the full week?

THE FACTS

An employee was regularly employed by a company and was on its weekly payroll. He earned \$80 per week, and was married. Accordingly, \$10 was withheld weekly toward income tax. One week he was absent from work three days. His

income that week was therefore only \$32 for two days work. In determining the income tax to be withheld, the employer deducted two-fifths (2/5) of the \$10 regularly withheld. Was this procedure correct?

THE RULING

The Commissioner ruled that for withholding tax purposes, an

employee can have but one payroll period with respect to wages paid

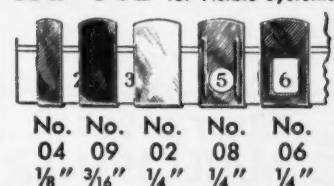
Graffco

Reminders for every Record System

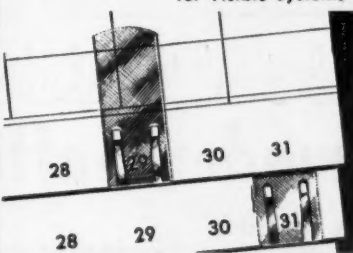
Nu-Vise METAL SIGNALS for Vertical Records



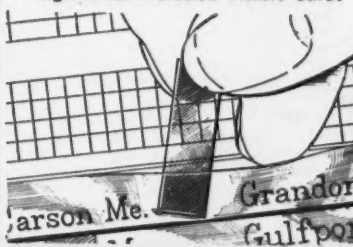
Nu-Viz METAL SIGNALS for Visible Systems



Cellugraf TRANSPARENT SIGNALS for Visible Systems



Crimpgraf TRANSPARENT CRIMPED Signals for Protected Visible Cards



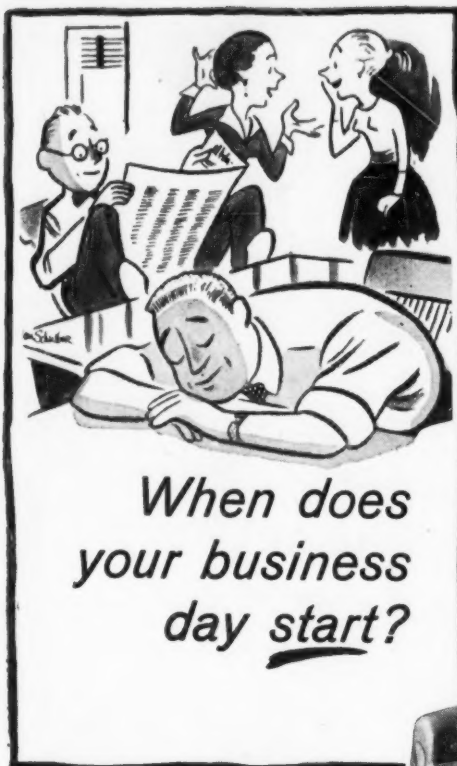
Maptacks for Maps and Charts



Free Descriptive Folders Sent on Request

GEORGE B. GRAFF COMPANY
54 Washburn Ave., Cambridge 40, Mass.

(Circle 585 for more information)



*When does
your business
day start?*



PITNEY-BOWES MAILOPENER

PITNEY-BOWES, Inc.
4560 Walnut Street, Stamford, Conn.
... originators of the postage meter. ... offices in 94 cities in U.S. and Canada.
(Circle 612 for more information)



Not until the mail is opened and distributed! Having the mail open when the office does—gets work started earlier. Saves a *lot* of time in a business year!

- A PB MailOpener works faster than any girl with a "dagger". Trims a hairline edge off envelopes as quickly as they can be fed. Opens envelopes of every size and thickness. Fast, safe and neat. A MailOpener is a real economy.

- Power or hand models, to meet your needs. Call the nearest PB office for a demonstration. Or write for free booklet.

FREE: Handy desk or wall chart of postal rates with parcel post map and zone finder.

Just ask the gal who uses one!
modern - efficient
Cramer

SECRETARIAL CHAIRS

are instantly adjustable to proper fit by ANY USER, and with proper fit comes comfort and efficiency ... are engineered with the finest features ever built into office chairs, including a patented swivel that never binds nor becomes loose or wobbly ... are available in most any fabric or color and *all covers are easily removed or replaced* ... give MANY MORE years of good service for every dollar you spend.

- | | |
|--|--|
| 1—Spring-mounted, foam latex back rest. | 4—Easy seat height and back adjustments. |
| 2—Exclusive patented molded foam latex seat cushion. | 5—Wide choice of easy-to-remove fabric covers. |
| 3—Free-moving swivel; can't wobble or stick. | |



May we prove it to you?

Cramer Posture Chair Co., Inc., Dept. WM
1205 Charlotte, Kansas City 6, Mo.
Please have a Cramer dealer call for a demonstration of Cramer Chairs in my office.

Name _____
Address _____
City _____ Zone _____ State _____

(Circle 569 for more information)



THIS IS CRAMER
ALUMITEASE MODEL A-22

Cramer

CRAMER POSTURE CHAIR CO., INC.

by any one employer. The amount of wages earned by the employee, in the instant case, for the two days of work, constitute his weekly wage. Accordingly, the amount of income tax to be withheld must be computed on the basis of weekly earnings of \$32 for a taxpayer with two exemptions. The sum of \$1.20 should be withheld for income tax purposes. (*Revenue Ruling 56-272, rendered June, 1956.*)

THE QUESTION

In a closely-held corporation, are interest payments to a stockholder on a loan made to the corporation, deductible as a business expense by the corporation?

THE FACTS

An individual carrying on the business of manufacturing venetian blinds incorporated and assumed the name of the Artistic Venetian Blind Corporation. On incorporating he transferred the assets of his proprietorship to the corporation which became "indebted" in the sum of \$100,000—the value of the assets transferred. The total issue of common stock in the corporation, however, amounted to \$971.

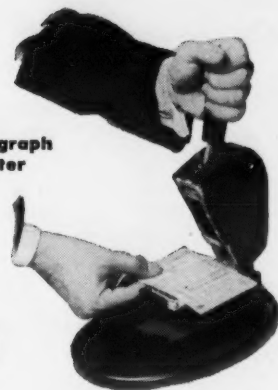
Based upon the size of the inventory at the beginning and end of the year, it was clear that the corporation required more capital to continue in business. The individual testified he intended to leave the amount of the "debt" in the corporation indefinitely. The Commissioners disallowed the corporation's deductions of interest payments on the debt, arguing that the debt was not one and that the payments were actually distributions.

THE RULING

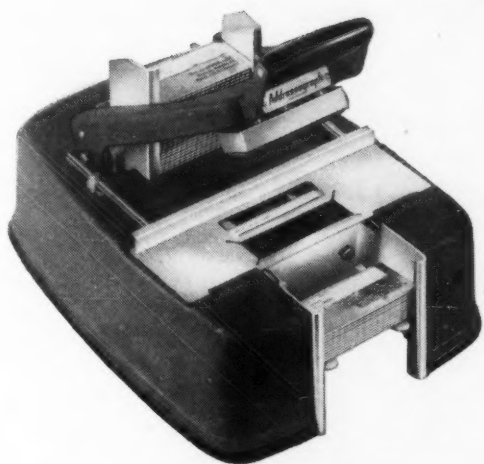
Although the debt was recorded on the corporation books as a note payable, no note evidencing the obligation was ever issued. The interest payments were not paid regularly, and no maturity date had been fixed with respect to the note. Finally, no corporate action had ever been taken to confirm the debt. Therefore, ruled the Tax Court, the interest payments were not deductible and are in substance dividend distributions. (*Artistic Venetian Blind Corp. vs. Comm., U. S. Tax Court, decided February 24, 1956.*)

Wherever you have
repetitive writing...you can write
better, faster, for less with

Addressograph
Imprinter



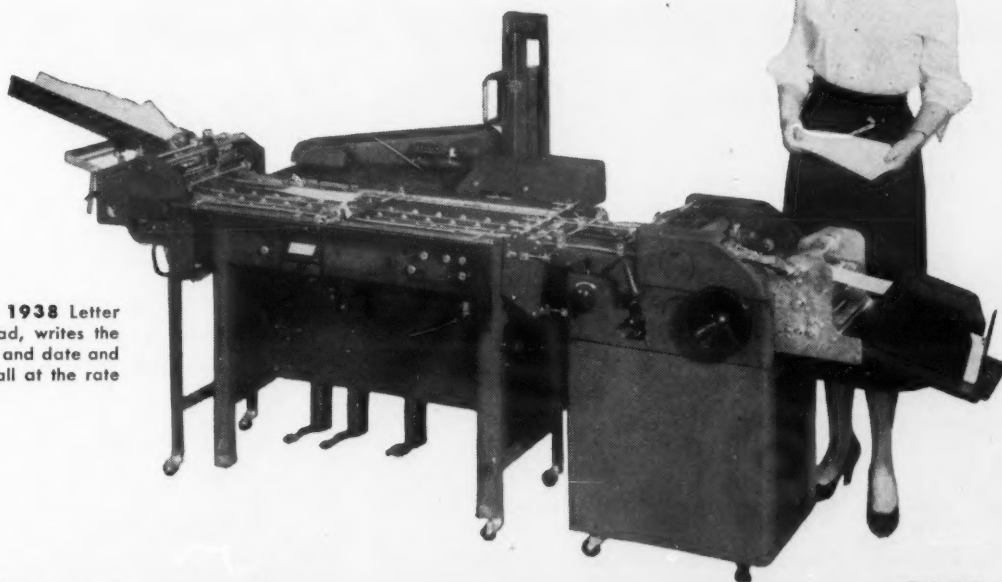
ADDRESSOGRAPH® METHODS



Addressograph Model 30 goes to work where the job is being done
—in office, factory, warehouse or store. (Only \$115 f.o.b. Cleveland)

There's an Addressograph machine for every repetitive writing job, from small credit plate imprinters to automatic machines for the most complex writing procedures. Addressograph makes machines that handle statistical and accounting work, machines that automatically tell you what to write, where to write and when to write. And with every Addressograph machine you get perfect legibility, 100% accuracy! Find out how Addressograph Methods can help you. Ask your nearby Addressograph-Multigraph office for a no-obligation demonstration. Addressograph-Multigraph Corporation, Cleveland 17, Ohio—Simplified Business Methods.*

Addressograph Model 1938 Letter Writer prints the letterhead, writes the letter, fills in the salutation and date and signs the letter in color—all at the rate of 3,000 an hour!



©1956 A-M Corporation

*Trade-Marks

Addressograph-Multigraph®

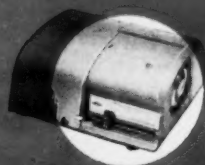
PRODUCTION MACHINES FOR BUSINESS RECORDS*

SERVING SMALL BUSINESS—BIG BUSINESS—EVERY BUSINESS

in offices

coast-to-coast

PEIRCE Dictation



proves best

*

THOSE WHO COMPARE—BUY PEIRCE!

From the large to the small, companies throughout the United States select Peirce Magnetic Belt Dictation because Peirce means *Better letters, Faster, At Less Cost!*

A Few of the Companies who use Peirce Magnetic Belt Dictation

Baeh & Co.
Bemis Bag Co.
Bennett's Travel Bureau
Bigelow-Sanford Carpet Co.
Cleveland Electric Illuminating Co.
Consolidated Electrodynamics Corp.
County General Hospital—
Riverside, California
Ditte Inc.
Easton Manufacturing Company
Esso Standard Oil Co.

General Machinery Corp.
Grayhound Bus Lines,
Seattle and Spokane
Humble Oil Co.
Lead Title and Trust Insurance Co.
Motel at 1 Thermo Corp.
National Automobile & Cassette Co.
Rezell
Shell Oil Co.
Southern Pacific Railway
University of California at Los Angeles
Zurich Insurance Co.

SEND TODAY for list of Peirce Users and Competitive Comparison Chart Proving Peirce operating economy.

PEIRCE DICTATION SYSTEMS
5900 N. Northwest Highway
Chicago 31, Ill.

Send me your list of Users and Comparison Chart.

NAME _____
TITLE _____
COMPANY _____
ADDRESS _____

* **THIS IS** factual documented proof of the enthusiastic use of Peirce Magnetic Belt Dictation Equipment. You know these companies, and you know that if they and thousands of others *choose* Peirce, there must be substantial benefits determining their choice. Those who compare—buy Peirce. The basic, compelling reason is this, Peirce delivers better letters, faster at less cost!

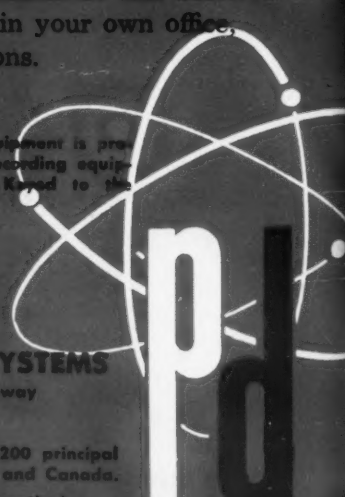
Get a demonstration in your own office, under your own conditions.

Peirce Magnetic Belt Dictation Equipment is produced by the manufacturers of recording equipment for the Armed Services—known to the jet age!

PEIRCE DICTATION SYSTEMS
5900 North Northwest Highway
Chicago 31, Illinois

Dealers and service in more than 200 principal cities throughout the United States and Canada.

(Circle 607 for more information)



"AUTOMATIC REVIEW"



Mr. R. O. Ives, Purchasing Agent,
Harper-Wyman Company
Manufacturers of Famous Alltrol Center Simmers for
Stoves and Ranges

"We have replaced our other dictation equipment primarily because the Peirce Equipment has made it possible for us to have a continuous flow of work with no correspondence lag and no delay in our transcribing. We have found that Peirce Equipment increases our efficiency and makes it possible for us to turn out considerably more, and better, dictation than before."

"REUSABLE BELT"



Mr. P.M. Grieve, Treasurer-Controller,
Rap-In-Wax Paper Co., Makers of
High-Grade Protective Wraps for
Industrial, Commercial and Home Use

"We at Rap-In-Wax Paper Company decided on the Peirce Dictation System because of the automatic erasing and reusable features offered by the magnetic belt. By eliminating corrections in the dictation, we can dictate a letter in the exact way we want it to appear on the typewritten copy, which makes it easier for our secretaries to transcribe the dictation, thus increasing their production time. By eliminating a continuing expense for new dictating belts and discs, we realize a considerable savings"

"REDUCES CONFUSION"



Mr. S. Z. Tankus, Sales Manager,
Union Liquor Co.

"After having used Peirce Equipment for approximately seven months, I am firmly convinced that any company in the nature of business that we are in, with 80 outside salesmen calling in orders daily and where delivery is important, would greatly benefit from this type of installation. It reduces confusion, thereby speeding up the number of calls per hour that can be taken. It is an extremely efficient way of handling orders."

"SIMPLE TO OPERATE"



Miss Bernadette Butler, Purchasing Agent,
Benefit Association of Railway Employees

"Our secretaries like the Peirce Dictation Machines because of the clarity of the recording and the ease of transcription brought about by the special backspace feature. Whenever a girl takes her foot off the pedal, the last two words are automatically repeated to her. This gives continuity in transcribing, clarifies punctuation, and saves much time by eliminating the necessity of listening to twelve or fourteen words, when only the last two words were needed."

"ERROR FREE"



Mr. Paul Miller, Credit Manager,
Oxford Filing Supply Company Inc. of Garden
City, New York. Makers of the famous Pendaflex
Suspension Filing Systems

"We ran very thorough, intensive and complete trials of all the leading types of dictation equipment before deciding on the Peirce Dictation System. Our people preferred the Peirce equipment for several reasons. The prime one, however, was the "error free" feature."

"NO CORRESPONDENCE LAG"



Mr. H. W. Newman, Office Manager.
General Sales Offices, Chase Bag Company,
Internationally known manufacturers of
Bags of all types for Home, Commerce and Industry

"Our Sales Executives are concerned with handling a heavy volume of dictation—rapidly and efficiently. The Peirce Dictation System has proven to be the answer to their requirements. This machine is compact, simple to operate and efficient—the automatic back-space and correction method is particularly desirable."

TO THE MEN RESPONSIBLE FOR

Telephone Communications in American Business

We'd like to show you how a great many leading companies have improved their communications and pocketed sizable savings with P-A-X—the "inside" business telephone system.

P-A-X keeps your present switchboard and phones free for outside calls. Lets you make inside calls in a flash—OVER YOUR OWN PRIVATE TELEPHONE SYSTEM. And P-A-X sharply cuts telephone operating costs.



Top firms in all industries save time and money with P-A-X—in fact, they tell us they'd be in a jam without it. See for yourself. Let us send you interesting case history studies that give facts and figures.

Write: Automatic Electric Sales Corporation, 1033 W. Van Buren Street, Chicago 7, Ill. In Canada: Automatic Electric Sales (Canada) Ltd., 185 Bartley Drive, Toronto. Offices in principal cities.

P-A-X



business telephone systems

AUTOMATIC  ELECTRIC

Originators of the dial telephone • Pioneers in automatic control

(Circle 640 for more information)



MANAGEMENT METHODS

How Rockwell builds secure growth through Planned Diversification

Rockwell Manufacturing Company, noted for its diversification program, has acquired 15 companies in 15 years. The result: a more than 10-fold increase in sales. In this article, the president of Rockwell explains how the company carries out its program of planned diversification, and outlines the steps taken in one recent acquisition.

In today's economy, affected by rapid technological advancement, the corporation is as much a seeker of "security" as is the individual.

In our search for what we in our company call "corporate security," we chose diversification many years ago as a logical method. But we wanted more than merely a degree of corporate security; we wanted, at the same time, to continue to grow as a vital member of the business community.

A corporation, no less than the individual, must be awake to the pitfalls inherent in any program which has security as one of its objectives. Security implies a preservation of the status quo; the modern corporation can never be content to merely keep what it has today. Security implies, in its strictest sense, ultra-conservative fiscal policy, whether it be at the corporate or fiscal level. The corporation must, of course, guard zealously the shareholders' investment; but management's objective must always be the effective utilization of that investment, rather than its mere conservation.

Diversification gives us most of the good things we expect from a

program designed to provide corporate security. It contains few of the detracting elements. Diversification, we at Rockwell concluded long ago, is a living, dynamic force, capable of providing growth and new dimensions in addition to security, if properly administered.

Once committed to a program of diversification—the basic decision in our company was made some 30 years ago when water meters were added to our original single product line of gas meters and regulators—it became apparent that diversification could never succeed if approached on a hit-and-miss basis. We subscribed early to the premise that a diversification program could be managed; to be successful, it must be more than seizing opportunities by making quick decisions whenever a company or

product line was offered for sale.

We adopted the attitude that the cornerstone of a successful diversification program is *planning*. We wanted our planning to lead us into new fields that meant opportunity; conversely, we wanted to be able to have a mechanism on which we could rely to prevent any faulty moves. We wanted to seek out the *disadvantages* of a specific transaction as carefully as the advantages.

Planned diversification

One of the early steps in formalizing our program was one of definition. First, we had to decide what we meant by diversification. Here's what most of us at Rockwell, for purposes of our own program, say:

Diversification means the entry

ABOUT THE AUTHOR



W. F. Rockwell Jr. is a graduate engineer (Penn State) and has been president of Rockwell Manufacturing Company since 1947. He takes an active part in industry wide activities affecting his company's operations. Among his present offices are president of the Gas Appliance Manufacturers Association and president of the Pennsylvania State Chamber of Commerce. He is also co-chairman of a committee appointed by the Governor of Pennsylvania to study inequities in the state's business tax structure.

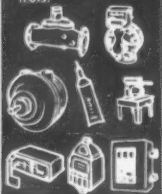





Plant location	PITTSBURGH, PENNSYLVANIA	HOPEWELL, NEW JERSEY	OAKLAND, CALIFORNIA	SULPHUR SPRINGS, TEXAS	EAST CHICAGO & KNOX, INDIANA	JARBERTON, OHIO
	Water Meters, Industrial Meters, Gasoline and Oil Meters, Hydraulic Transmissions and Pumps, Lubricants, Radial Saws, Taxi Meters, Fare Regis- ters, Register Con- trols.	Service Cocks, Grease Meters, Meter Registers, Machined Meter Components	Lubricated Plug Valves	Lubricated Plug Valves	Lubricated Plug Valves, Cast and Forged Steel Valves	Lubricated Plug Valves
Product						

Chart shows location of various Rockwell plants and products made at each location. A new operation is not begun or acquired unless it is compatible with the main lines of Rockwell's corporate procedures and policies. It must contribute to the over-all objectives of corporate security. Further, the new venture must promote a long-range and continuous operation, for Rockwell emphasizes that it is not in the business of buying and selling corporations.

President Rockwell: "What we're after is solid long-term growth and worthwhile

of a company into a new field of productive operations for which it can give effective management, or add new management talent as part of the transaction.

Another early task was to enumerate the different approaches to bringing about diversification. Here is the general list of approaches that we compiled—admittedly not an all-inclusive list, but one which serves our purposes:*

Adaptation: Existing personnel and facilities are used to achieve a further diversity of products or services. This method is a natural in a company whose personnel is imbued with the spirit of research and development. Rockwell relies on adaptation to a considerable extent, often coupled with expansion as defined immediately below.

Expansion: New capacity is gained by adding to facilities and organization, often enabling the company to go into a new product line.

Acquisition: A going concern already engaged in a chosen field is acquired by purchase for either cash or stock, or a combination of the two. *This method has been a principal diversification method on the part of Rockwell.* Because the owners and managers usually acquire an equity or career interest in Rockwell, management coverage shifts both ways. That is, central corporate functions are extended to the new division, and management skills of the acquired concern begin

to figure in the over-all picture.

Merger: A union is arranged of companies of approximately the same size and engaged in businesses considered compatible by the owners.

Affiliation: A participating or controlling interest in a company is acquired by another concern, but the affiliate continues to operate as an independent entity.

Investments: Arrangements involving cash, management talents, technical skills, patents, or other resources are made so that a company may secure some direct benefits, such as an assured raw material supply or investment returns, or the benefits of collaboration. In some cases a new corporation may be formed, as was the case in the "partnerships" formed by companies going into the titanium business together.

Missionary: Encouraging a supplier or customer to change, diversify or expand his operations. In a large sense, customer requirements on the industrial scene may be characterized as a great missionary opportunity for diversification.

Criteria for diversification

It was also necessary for us to consolidate, in writing, our basic thinking on the subject of diversification—to establish a philosophy or policy to guide us in the execution of our program. The set of criteria which has evolved over a pe-

riod of time is rather simple; yet it fairly well covers every situation we have ever confronted.

Here are our diversification criteria:




1. *Does the venture promise long-range continuous operations?* Rockwell is not in the business of buying and selling corporations, or of liquidating them (even though the tax aspects are often tempting!). When we acquire a company or otherwise enter a field new to us, we do so on the basis that such a move fits in with our long-term requirements and plans.

2. *Are the added product lines or operations adaptable to the fields where Rockwell's experience and management talents can be applied?* We contend that there's enough of our own kind of business to attend to. For example, we would not consider the addition of a food processing or garment-making business to our corporate nucleus.

3. *Is the venture otherwise compatible with the main lines of Rockwell's corporate procedures and policies?* For example, we do not propose to compete with our customers.

4. *Does the acquisition really contribute to our objective of corporate security?* We don't necessarily want to get bigger; we want to get stronger.

Amplified and stated positively, these criteria add up to the fact

DUBOIS & SYKESVILLE, PENNSYLVANIA	NORWALK, OHIO	TULSA, OKLAHOMA	UNIONTOWN, PENNSYLVANIA	BROOKLYN, NEW YORK	BELLEFONTAINE, OHIO	TUPELO, MISSISSIPPI	GUELPH, ONTARIO, CANADA
Gas Meters	Gas Regulators	Gas Instruments, Chart Drives, Inter- grators, Differential Controllers, Orifice Meters, Parking Meters	Water Meters, Industrial Meters, Gasoline and Oil Meters	Water Meters, Industrial Meters, Gasoline and Oil Meters	Homecraft and Delta Wood and Metal Working Power Tools	Homecraft and Delta Wood and Metal Working Power Tools, Radial Saws	Beaver and Delta Wood and Metal Working Power Tools, Gas Meters, Regulators, Indus- trial Meters, Elec- trical Conduit Fittings
							
							
							
							

NOTE: In addition to the plants shown, Rockwell has recently acquired or constructed plants in Plainfield, N.J. (wood and metal working power tools); Atchison, Kans. (large iron and steel castings); St. Joseph, Mo. (small steel castings); Statesboro, Ga. (meters); Russellville, Ky. (parts); and Porterville, Calif. (valves and power tools). Last month ground was broken in Kearney, Neb. for a new valve plant.

profits on our investment. We'll leave the record-smashing to others."

that we are interested in the long pull; that we are seeking products in the "hard goods" fields which fit in with our plant facilities and skills in metalworking; that we will consider acquiring companies with products which are sold through channels familiar to our own marketing people; that the management and personnel policies are reasonably compatible with Rockwell's existing policies.

Sizing up the opportunity

The time comes when our planned program must go into action. An opportunity for diversification may have been developed internally, i.e., our own people may have persuaded management to give serious study to expanding our activities in a certain direction, through a process of "adaptation."

Or it may be that a company has come to us with a merger proposal, or that we seek to make an acquisition. The early steps are simple and often informal. As few as two or as many as a half dozen of our executives will gather to consider the company, its products, its financial condition. Generally, at this stage they will have no more than published annual reports or other data available from public sources to guide them. If it's a closely held company which does not publish its financial data annually, the principal source material is likely

to be a Dun & Bradstreet statement.

It doesn't take long to stack the company up against our criteria. At this stage, we are, of course, more likely to reject than approve. In fact, when the finding is affirmative, it is merely affirmation that we will commit ourselves to the expenditure of additional time, effort, and money to do a more thorough analysis.

Our full-scale appraisals of a company vary according to the type of information required to make a sound decision. We accept the principle that overnight judgments cannot be relied on as a substitute for market studies, technical investigations of operations and products, financial analyses. In most areas, our own management personnel are fully qualified to evaluate a company in terms of our own needs.

The fact that they are not impartial is, we feel, a plus mark for us. We think of an acquisition not in terms of an independent undertaking, but in terms of our own operations; partiality under those circumstances is, in our view, an asset.

We have gone to outside independent consultants on occasion to help us make evaluations. In general, however, it's a practice we haven't followed. Our reasoning is simply that if our own people don't know enough about a business to decide whether or not it's a good

venture for us, we probably shouldn't be in it for that reason alone. On the other hand, there have been times when outside consultants have been able to give us valuable assistance in the solution of specific technical matters.

Advantages and disadvantages

Our detailed analyses are concerned with both advantages and disadvantages. Under advantages, we want to know the answers to such questions as:

- Will the acquisition result in economies for us and for the acquired company?
- Will it contribute to a more efficient system of sales and distribution?
- Does it contribute toward our goal of corporate security by diversifying our markets or our customers within markets?
- Will the acquisition bring to us new management blood which will enable us to build onto what we already have?
- Will the acquisition give us additional financial strength and earning power?
- Does it have tax advantages as a justification?

On the negative side, here are some of the possibilities:

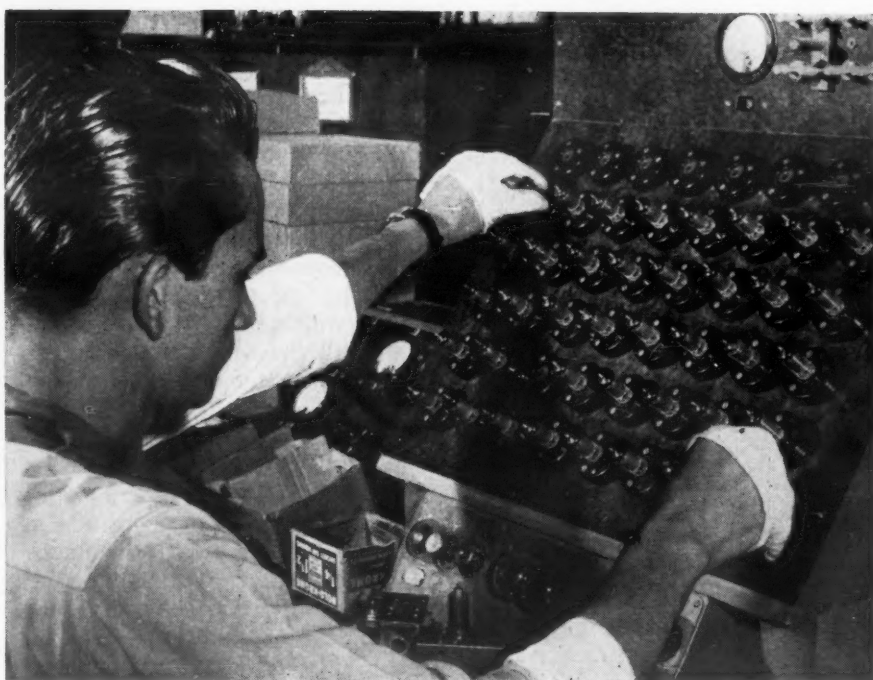
- Will the merger result in duplication that can't be eliminated quickly and easily?

(Continued on page 68)

Should green labor disqualify

A new plant site?

Many firms automatically pass over a favorable plant location that lacks skilled labor. But extreme case histories prove this policy unsound. Firms in Puerto Rico have successfully adapted green labor—even in the face of language and cultural differences. Here is a report of what can be accomplished—and how.



Studies show many unskilled workers rate high in finger dexterity.

Any company planning to set up a factory in a green labor area can probably profit from the experience of management in Puerto Rico. The hundreds of companies that have established factories here were faced with the problem of using farm workers and other unskilled labor to manufacture a variety of technical products.

In just a few years, these companies succeeded in converting a lop-sided agricultural economy into one which presently boasts hundreds of industrial products. Formerly unskilled people are turning out these products in quality and quantity.

Companies here have found that there is no such thing as a complete management blueprint for starting operations in an unskilled labor area. But there are some sound approaches. Interviews with a dozen local plant managers, including representatives of General Electric (circuit breakers), Consolidated Cigars, Gillette (Paper Mate pens), Pastushin Aviation (rivets), and Lady Marlene (brassieres), resulted in a suggested approach to the problem—an approach which has proven successful in Puerto Rico, and can be applied in any similar labor situation.

Use high caliber management

High caliber managers are important in any operation, but particularly so in a green labor situation. This is true not only because there are unusual problems, but because there is often an unusual opportunity for profits. An apparel manufacturer with several local plants put it this way:

"Precisely because it is a new labor area, high caliber managers rather than deadwood are needed for the operation. The manager who can bring about rapid worker adjustment and meet difficult situations is the one who

will help you make a large profit."

Thus the job calls for executives with imaginative, creative management skill, rather than those who are limited to following all of the rules all the time.

The top executives of a company often take a personal hand in setting up, launching, and supervising a new operation here, according to the Economic Development Administration of Puerto Rico.

When the multimillion dollar Consolidated Cigar factory was started in Caguas in 1953, both the president of the corporation, Samuel J. Silberman, and the vice president, Stanley S. Keyser, were on the spot for several months while the operation was getting underway. Now they continue to make frequent inspection visits. Partly because of this active participation by top management, Consolidated Cigar has been able to become the largest single plant in Puerto Rico, with 160,000 square feet of plant and more than 1,000 workers. Each year there are additions to its labor force, operating capacity, and production output.

Using management tools

Don't be afraid to use standard management tools and, if necessary, develop new ones. When starting an operation in a green labor area, the various tools available to management—production and quality control, job breakdown, workflow studies, incentives, labor-management relations—should be applied to the maximum. But since these alone may be of limited use at the beginning of a green labor operation, new and supplementary techniques, particularly in the area of personnel training, must often be developed.

A new management approach is used by Aero Components, an affiliate of Pastushin Aviation of Los Angeles. This Puerto Rican plant turns out three-quarters of a mil-

lion rivets weekly. It's done with a work force of 60 local workers. James Morgan, the plant manager, reported:

"It is often necessary to play the operation by ear. For example, instead of developing an automatic plant, the company leaned toward the use of more labor. The workers turned out to be cheaper and more productive."

He said Puerto Rican workers, particularly women, are highly productive in jobs calling for finger dexterity. One woman worker completed 75 operations a minute. The plant average is 50 operations. These consist of picking up a rivet, placing it in a die, and hitting a punch press lever.

Quality control based on either spot checks or statistical sampling are common here in both small and large plants. The most extensive system is probably that of Caribe General Electric which started production of circuit breakers in May as the 400th plant in Puerto Rico's "Operation Bootstrap." It will eventually employ 400 workers.

According to James M. Whitten-ton, president and manager of this GE affiliate, quality control is used in each of the major operations: molding, plating, fabrication, welding, assembling, and calibration. In addition, there are frequent checks on the final product by a representative of Underwriters Laboratories who is stationed permanently on the island. Caribe General Electric is the first company on the island to produce its product under the stringent specifications of the Underwriters Laboratories.

Use local training facilities

The development commissions and other groups in new or expanding plant site areas offer a number of services that help in adapting inexperienced workers to industrial jobs. The Commonwealth of Puerto

Rico, for example, offers a wide range of services to new companies. It will screen, test, and train factory workers and supervisors, undertake special research on production and marketing problems, and build new factories according to manufacturers' specifications. Most localities throughout the U.S. that are seeking to attract new firms offer similar types of assistance.

New workers in Puerto Rico are given psychological tests and physical tests for finger dexterity, manual dexterity, and color perception. Training in vocation skills for approximately 6,500 students annually are also provided at the island's 11 trade schools.

Such training programs help raise the level of starting productivity in new plants. Nevertheless, there is the additional opportunity for management to conduct further training and selection on the job. This is invariably necessary in order to achieve initially satisfactory production standards.

This has been the case, for example, in the manufacture of high quality brassieres at the two Lady Marlene plants in San Juan, employing 70 workers each, mostly women. Mr. and Mrs. Louis Critelli, the owners, who have been in Puerto Rico a half-dozen years following many years of stateside apparel experience pointed out:

"We had to make the girls quality conscious. If we say a seam is not right, the operator must know why. This meant that, at first, production dropped, but now both output and quality are as high as what we would expect of mainland operators."

Most managements find it advisable to start their plants at less than full force. By doing so, the first workers can provide the nucleus for labor expansion. This was what happened with Paner Mate of Puerto Rico, acquired last year

by the diversifying Gillette Company.

Paper Mate started with a crew of 30 workers at its plant in Salinas. These workers were used to help train other workers as the operation grew. More than 400 local workers are now employed.

Start with assembly operation

Most companies here have found simple assembly work good worker training, since many new workers are often in factories for the first time. In recent years, however, as workers have gradually adjusted to factory routine, and as a backlog of worker skills have been built up, many plants have introduced more sophisticated operations.

At first all Paper Mate pen parts were shipped from the U.S. and assembled locally. Now, the entire pen, from start to finish, is manufactured here. John N. Johnson, plant manager, said:

"Actually it is much easier to operate this way. You don't have the parts storage problem and it is simpler to schedule and plan your production. Also with many finished parts, the less they are handled, the better."

Aero Components, until this summer, has been importing raw rivets and finishing them locally. Now it is installing machinery which will permit their local manufacture. The manager looks forward to this:

"The new machinery will be operated by workers already in the plant. They are eager to learn and we expect them to acquire the new skills without much difficulty."

Promote local people from within

For over-all plant efficiency and good labor-management relations, companies find it pays to follow a strict policy of using local people at all levels, *when and if* they are able to make the grade.

In Puerto Rico, imported U.S. specialists are usually used in early stages to instruct local workers who then, in turn, carry out managerial duties themselves. Assistance in supervisory training is provided by the Industrial Services Division of the Economic Development Administration, which encourages local

people to "think in terms of improvements in production." The program is under Earle W. Dudley, a specialist in industrial training for 32 years.

Francisco Verdiales, manager of the Consolidated Cigar operation and a former chief of Puerto Rico's Industrial Services Division, says the policy of using local people is vital in building favorable human relations, and particularly community relations. He said:

"The success of our own operation shows that this policy is not only essential but also leads to greater production, despite the fact that workers brought in from elsewhere might have more initial skill."

Promotion from within—from the line to foreman and from foreman to middle management—has the effect of creating incentives through a plant. A metal manufacturer noted:

"Announce that one of the line operators will become a supervisor and productivity of dozens of workers will automatically increase."

In Puerto Rico specifically, promoting local workers to supervisory and management positions helps bridge the language gap between management and worker.

Human and community relation

It is important to take a real interest in worker problems and in community affairs. A study of Puerto Rican workers on their attitudes toward their factory supervisors revealed that 82% of the men and 92% of the women interviewed felt that they were "generally treated well, with courtesy and consideration" by their supervisors.

The reason for this is that all management personnel on the island—and particularly first line supervisors—have been encouraged to combine the roles of teacher, social leader, personal advisor, and production expert. Not only do they supervise production, they also arrange social functions and assist employees with many of their off-the-job problems.

Mr. Verdiales said supervisors and managers at Consolidated Cigar give workers legal advice, help them obtain housing, act as liaison with government authori-

ties, and assist in providing worker entertainment.

Indications are that company sponsored social events—dances, sports, picnics, and the like—can be made to provide a strong human relations impact in green labor areas, even though these same programs might receive little participation among workers in established industrial centers. Mr. Verdiales continued:

"We do our best to make the workers feel like human beings, and workers respond with a friendly attitude toward management and with high levels of productivity."

Importance of green labor

From the interviews with many Puerto Rican managements, it seems clear that a decision to start a new operation in a green labor area should be preceded by very careful consideration. But green labor, in itself, should not be considered a disqualifying factor.

The firm most likely to succeed in a green labor area is often the one that can break down jobs into simple operations. But other firms can also be successful under favorable conditions. In Puerto Rico, for example, most of the plants opened during the past few years have been in the light industry class, but now there is a beginning trend toward heavier industry, representing "big name" mainland corporations. Union Carbide and American Can Co. have completed negotiations for establishing island affiliates. General Electric has announced plans for opening a second plant. Other companies with local affiliates include U.S. Rubber, International Latex, Sunbeam, Sylvania, Carborundum, Maiden Form, St. Regis Paper, and Hickok belts.

The primary determining factors in making a success of a green labor operation are 1) the ability of management to carefully pre-plan the operation in detail, 2) their ability to move in with an imaginative approach to human relations and in training local workers, 3) the application to the fullest possible extent of the standard tools of management, and 4) the ability to create new tools to deal with special problem areas. In other words, it's not so much a question of green labor as skilled management. m/m



automatic dictation is here!

NEW

★★★★ **HIGH FIDELITY**

COMPTOMETER

COMMANDER®

dictation-transcription machine by Comptometer
with amazing UNIMATIC remote-control microphone

... makes dictating as easy as talking—An electronic miracle in the simplification of dictation has been achieved by Comptometer. Now you can forget the mechanics of recording and have your mind free and clear for better dictation. All you do is talk into the Unimatic remote control microphone which fits the palm of your hand. One simple button lets you dictate, listen, reverse to review, or even to "erase" and replace a word or phrase. When finished dictating, press other button to mark length of letter—everything is automatically recorded by remote control.

... saves more than it costs—The flexible Mylar* magnetic recording belt can be used for thousands of dictations. It "wipes" clean in just one second,

ready for re-use. The day-after-day savings over costly ordinary one-use belts or records more than return your Commander investment. And only Comptometer guarantees these mailable belts for life.

... erases unwanted words—You will hand your secretary error-free dictation she will transcribe twice as fast and right the first time. Error-free because you can electronically "erase" any unwanted part of your dictation and replace with the new or correct thought—No extra correction instructions to add. And, for economy-minded offices, the same Commander unit can be used for both dictation and transcription.

* Mylar-Dupont's trademark for its Polyester Film.

SEE ALL THESE YEARS-AHEAD FEATURES DEMONSTRATED IN YOUR OWN OFFICE!

NEW!	NEW!	NEW!	NEW!	NEW!	NEW!	NEW!	NEW!	NEW!
Visualite Indicator. Glows red when you dictate, flashes to green when you listen or transcribe.	Remote Indexing automatically marks length of letter.	Unimatic Remote-Control Microphone fits palm of hand. Two buttons control all operations.	Simplified Recorder—all operating controls are now on Unimatic microphone.	Conference Recording—Listening. Supersensitive microphone pickup. Extra loud volume playback speaker.	Customized Input Volume-Control can be pre-adjusted to your voice whether it's extra loud or extra soft.	Carrying handle	Dual speakers	Modern design
						NEW!	NEW!	NEW!
						Removable cover	Lighter weight	High Fidelity

★★★★ another outstanding machine to speed American business by

COMPTOMETER®

A product of Felt & Tarrant Mfg. Co., Chicago, Illinois. Other Felt & Tarrant products: The world-famous Comptometer Adding-Calculating machine and the new 10-key Comptograph "202" Calculating-Adding machine.

also
available
in
Canada

• Comptometer Dictation Div., Felt & Tarrant Mfg. Co., 1712 Marshfield St., Chicago 22, Ill.
• Gentlemen: Without any cost or obligation please arrange:
• ☐ FREE DEMONSTRATION ☐ FREE 10 DAY TRIAL ☐ Send complete information
• Name _____ Title _____
• Company _____
• Address _____
• City _____ County _____ State _____

How tax rates affect the decision—

BUILD

OR

LEASE

Here are the facts about the "net lease" plan for building a new office or factory. If you're thinking of relocating, this plan can provide custom-built facilities without any capital expenditure.

If you're thinking of relocating, but don't have the capital to invest in a new building, the "net lease" plan may prove an answer to your problem. Under this plan, custom-built facilities are available to you, without any outlay of working capital. The building is yours under the long term lease—and the cost is often less than if you were to build it yourself.

Before going into the plant itself, here's a comparison showing the difference in costs between renting and building a \$500,000 building. On a typical rental deal for a building of this cost, the annual rental would be \$37,500. But with the 52% corporate rate tax saving (\$19,500), the actual cost per year would be only \$18,000.

To buy the same building, \$200,000 cash and a \$300,000 mortgage would probably be necessary. With a 20-year mortgage at 4½%, the annual expenditure for interest, amortization, and depreciation would be \$36,000. Deducted from the \$36,000 total is a tax saving of \$18,720, figured at the 52% rate on the deductible portion of the total annual cost. This gives a net cost of \$17,280. To this must be added the cost of obtaining or using the equity capital of \$200,000. At 5%, this would be \$10,000 yearly.

As a tenant, the corporation

would save \$9,280 the first year. The company would save more than \$50,000 in a 20-year period, if depreciation is included. Not only is there big saving financially, but the manufacturer can forget about many of the details involved in owning a building, and the headaches which go with it.

A case history

One of the leading companies specializing in building for lease to industrial tenants is Sherrill Noonan, Inc., of York, Pennsylvania. They find and buy the location, work out the design, and arrange for the construction of buildings to tenants' requirements. One of their modest-size buildings, now under construction, is evidence that even small, relatively new companies can participate in this tax-advantageous, capital-saving real estate. The Baldwin Manufacturing Company, a 10-year-old Newark, New Jersey hardware manufacturing firm, will soon move into a 17,500 square foot building without the outlay of any cash for ground or building.

Baldwin is taking over the building, built especially for them, according to their own specifications, on a long term lease. Following that, they will have options to renew at a low rental. Baldwin's only cost for the use of the building will be the annual rent. However, since

this is what is termed a net lease, the taxes and insurance must be paid by the tenant.

The rent is completely tax deductible. As a result, the hardware firm not only is saving working capital, but gaining a tax advantage too. While it's acknowledged that depreciation would be deductible, amortization payments on a purchase basis would not be deductible. In most cases, the amortization payments far exceed the depreciation allowance.

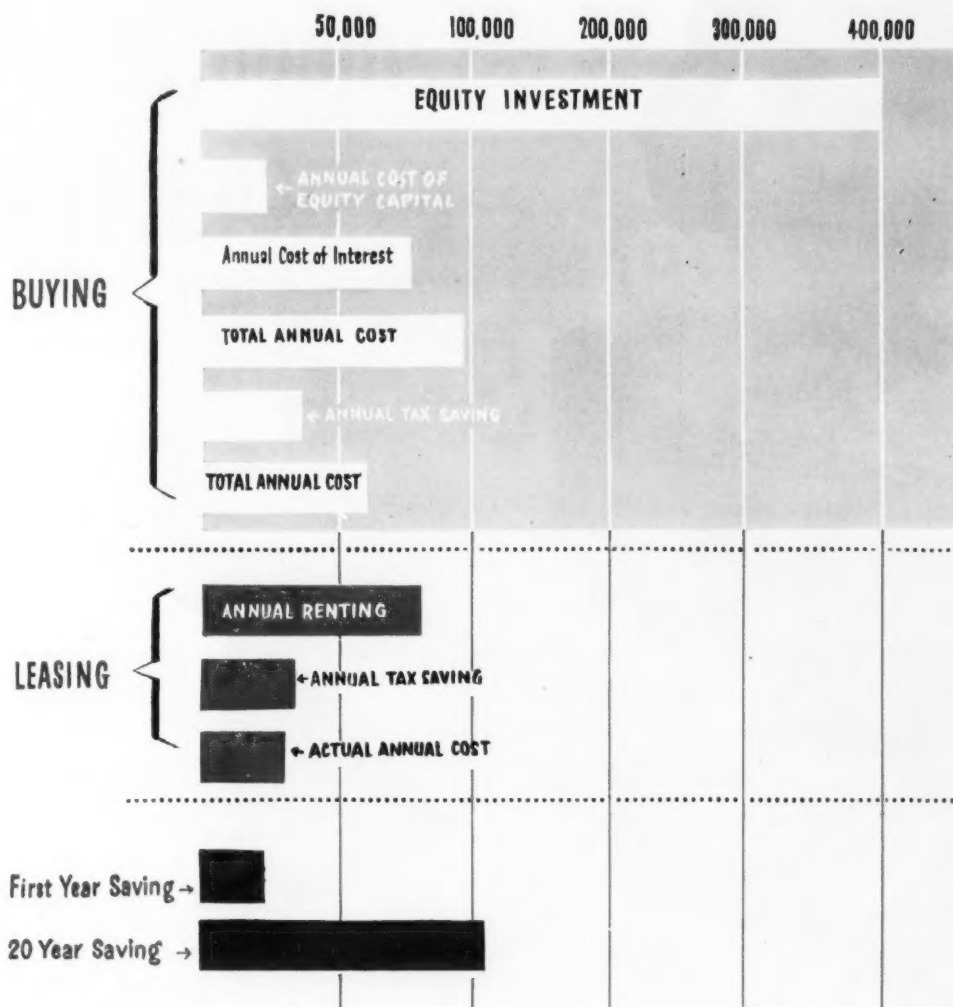
Generally, building new facilities impairs a company's working capital position. Even if it's possible to borrow funds for new construction or purchase of new factory space, then this indebtedness may lessen the company's borrowing ability for other needs. Build-for-lease has, therefore, become a popular construction plan for companies of all sizes.

If a company has adequate working capital, it must determine where that capital is of most financial advantage. Used for work in process, the money should earn upwards of 20% before taxes. And the funds will turn over several times a year. Invested as equity funds in real estate, the money would save only about 5% a year.

Other advantages of net lease

Because the building owner is

COMPARATIVE FIGURES SHOW "NET LEASE" SAVINGS



contractually obligated to deliver a completed building to suit the tenant's needs, the tenant is freed from many problems normally associated with construction. In the case of Sherrill-Noonan, they obtain the building site, and details of design and construction and supervision of construction are carried out by their staff, eliminating a substantial expense.

In normal construction operations, the building owner must re-

view and check bundles of blueprints and specification sheets. By putting the responsibility for construction on the builder, the prospective tenant saves work and money.

In the past, such build-for-lease arrangements were only open to companies with "blue chip" financial statements. Now, however, smaller companies who have good credit may be eligible for the same money-saving, work-saving, worry-

saving treatment.

With excellent credit, a company can lease a building for an annual payment equal to seven percent of the building total cost. Companies whose financial statement is less impressive will be required to pay up to eight and one-half percent. How much a company will have to pay is determined by a careful study of credit and other factors peculiar to the individual company. m/m

modern mimeographing



"I can produce ten easy to read copies—or thousands—
on hard or soft finished paper and card stocks in sizes from
3 by 5 to 9 by 16 inches.

"I can produce these copies in sharp black or in bright
colors in one operation.

"I can produce copies on both sides of the paper
immediately without slip-sheeting.

"And I never have to guess how. Operating instructions
are permanently mounted on the machine—
all controls clearly identified.

"Why don't you mail the coupon and get full information
about the new developments in modern mimeographing?"



A · B · DICK®

THE FIRST NAME IN DUPLICATING

(Circle 571 for more information)

A collage of various retail-related documents. At the top left is a 'SALES BULLETIN' with a 'SALES BULLETIN' title and a list of items. To its right is a 'MANUFACTURING INFORMATION' sheet with a table of specifications. Below these is a 'SALES BULLETIN' with a 'SALES BULLETIN' title and a list of items. To its right is a 'SALES BULLETIN' with a 'SALES BULLETIN' title and a list of items. Below these is a 'SALES BULLETIN' with a 'SALES BULLETIN' title and a list of items. At the bottom is a 'SALES BULLETIN' with a 'SALES BULLETIN' title and a list of items. The documents are arranged in a way that they appear to be part of a larger collection or a display.

MARBCO PUBLICITY RELEASE

FOR IMMEDIATE RELEASE

It's getting even hotter every day for someone who
"keep to type. A talent and personality, pure and simple,"
for having pulled, apparently before marriage, and
as she had no husband at the time yet. These words
came by the U.S. National Commission on the Status of
the Woman, people who were not heard.

The American Society against Sex Abuse (ASA) is a
national, 501(c)(3) and non-profit organization that is
dedicated to a positive "sex abuse" where there is harm
to the greatest measure to reduce the harm,
and where there is no "sex abuse" where there is no
harm, and the latter would be the best
way to see the world as a better place.

The American Society against Sex Abuse (ASA) is a
national, 501(c)(3) and non-profit organization that is
dedicated to a positive "sex abuse" where there is harm
to the greatest measure to reduce the harm,
and where there is no "sex abuse" where there is no
harm, and the latter would be the best
way to see the world as a better place.

**OUR SALESMEN ARE
SELECTED AND TRAINED**

FOR THIS KIND OF SELLING —



They are courteous, personable, well-dressed —
They understand the needs of your organization —
They know how to sell your product with the minimum of time and expense —

WAIT FOR THEM

Or get out there right now! Inquire in 1962, or just dial
87-2600 and be assured to be made known to the best salesmen in the
country who can sell your product. They will be glad to help you —
We guarantee you will be satisfied. If not, we'll refund your money.



**OUR SERVICE HAS IMPROVED
YOUR COSTS VERY LITTLE**



WE HAVE THE LARGEST STOCK OF
ALL THE LATEST AND MOST POPULAR
ITEMS IN THE FASHION OF THE DAY —
AND WE CAN DELIVER THEM TO YOU
IN 24 HOURS — NO DELAY — NO PROBLEMS —

WE CAN SAVE YOU 10% TO 20% OFF THE
RETAIL PRICE OF ANY OF OUR MERCHANDISE —

WE CAN SAVE YOU 10% TO 20% OFF THE
RETAIL PRICE OF ANY OF OUR MERCHANDISE —



LOOK!
MARBCO SALESMEN'S CONTEST

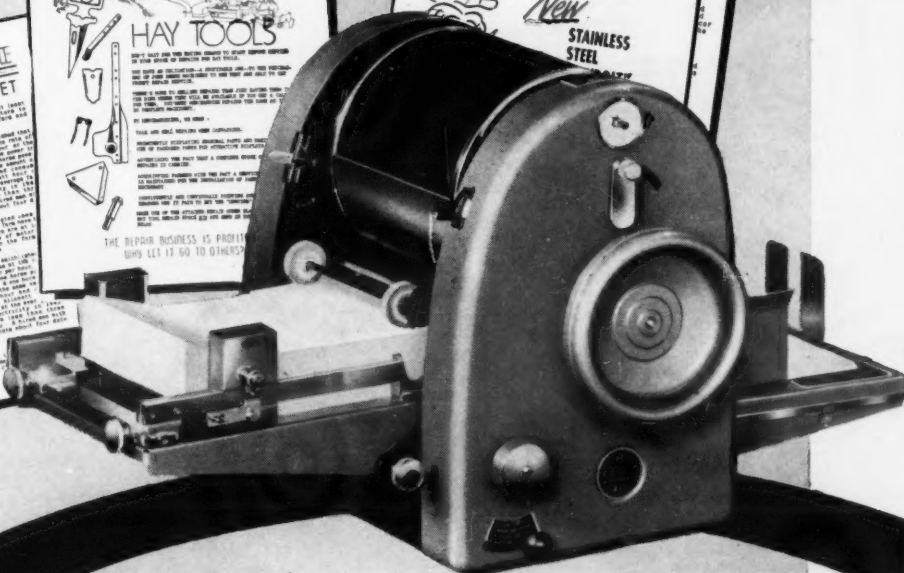
CONTEST

NOW!

TAMPER PROOF PADLOCKS

featuring models
013 1002 704
2003 2004

WITH THE
NEW
STAINLESS STEEL

[illegible][illegible]

All A. B. Dick
mimeograph products
are for use with all
makes of suitable
stencil duplicating
products.

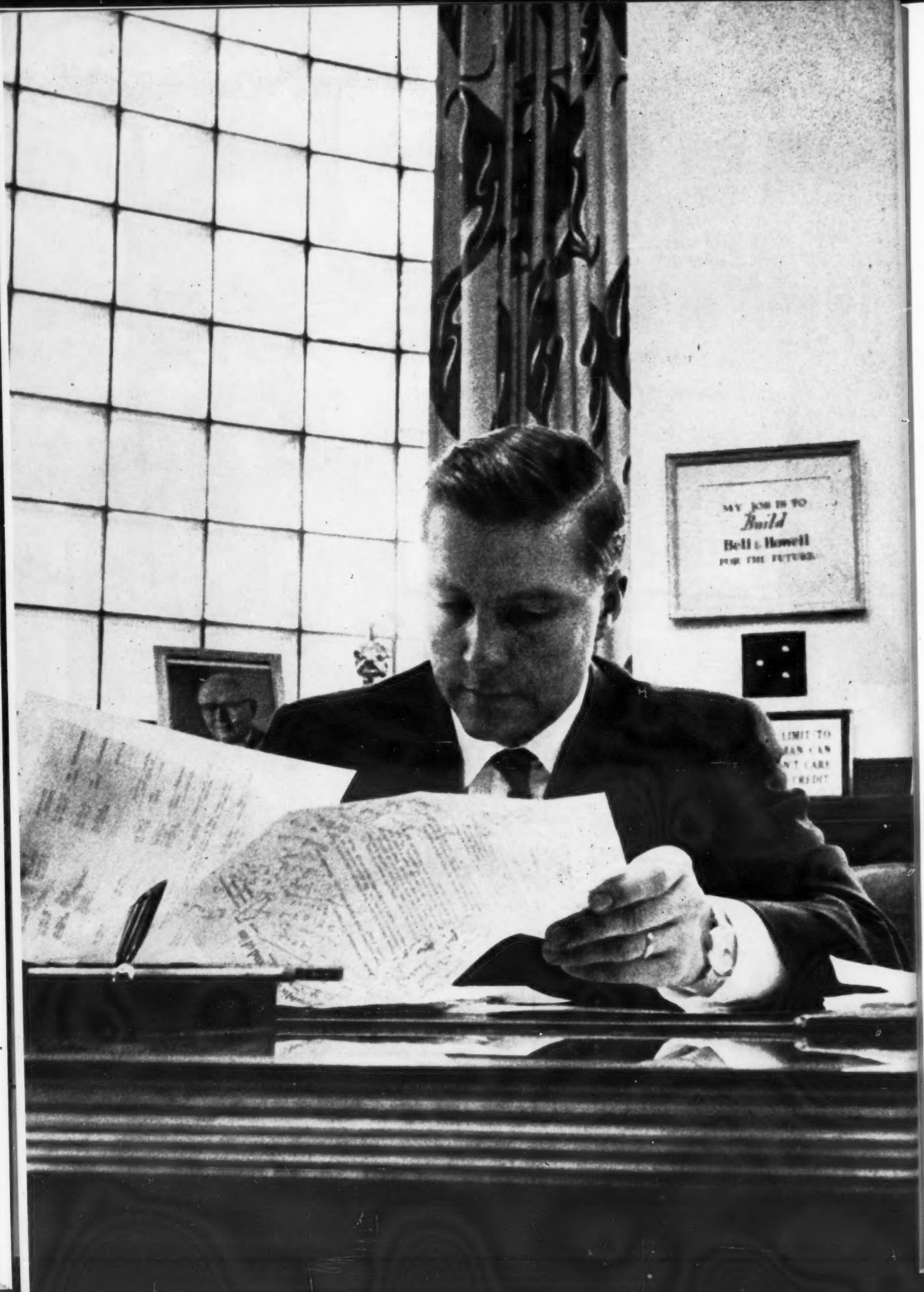
MM-106

Name _____

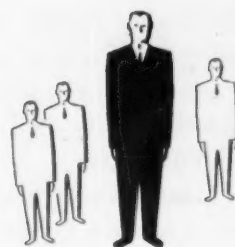
Address _____

Occupation _____

City _____ State _____



PROFILE OF A NEW KIND OF MANAGER:



How he plans for future profits

Small and medium-sized companies have advantages over the industrial giants. By combining these advantages with an adaptation of "big business" methods, executives in companies of all sizes can find a sound answer to the perplexing question—How shall I use my time?

THE PROBLEM

Hobbled by a maze of urgent detail, a company's top management fumbles its biggest job—planning ahead.

THE ANSWER

A new profit planning strategy is evolved, with every company program oriented to future profit goals.

THE MEN

President Charles H. Percy, Executive Vice President William E. Roberts and the "participative" management team of Bell & Howell Co., Chicago.

A case history

■ Soon after he became president of Bell & Howell Co. in 1949, Charles H. Percy hung a small plaque behind his desk that reads: "My job is to build Bell & Howell for the future."

This constant reminder quickly became a thorn in his side. As he moved deeper into the duties of

heading a company in the highly competitive photographic equipment industry, it was clear that his actual practices were not consistent with the simple rule he had selected as his guide. He, and the other top men in the company, found themselves spending most of their time dealing with

← Bell & Howell's President Charles H. Percy

day-to-day detail. The ultimately important was being sacrificed in favor of the immediately urgent.

Based on his own experience, Charles Percy once described a typical day in the life of an harassed administrator:

"The morning mail comes in, including a request for a speech before a local association. A shareholder writes for information on dividend policy. A group of teachers wants to tour the plant and exchange ideas with company executives. The phone rings steadily. An irate customer can't get service in Mule Shoe, Texas. More mail, and then meetings. Back to the office to decide what to do about a pressing budget problem. Review a new product release. Turn down gracefully (impossible!) a request to introduce a friend to the director of purchases; discuss two new appointments in the Manufacturing Division and a major capital equipment acquisition. End of the day. Into the briefcase goes the balance of the day's mail (or yesterday's) along with reading matter marked 'must.'"

This, admits Percy, was standard management procedure for far too long until—finally—through a gradual and cautious program of trial and error, a new kind of management strategy was evolved, based on long-range profit planning and a formalized system of "participative" management, with special attention being paid to communication and understanding among all levels.

Profit planning is now the central theme of every program and action carried out by Bell & Howell, from its management organization to its employee suggestion system.

Although the B&H management disclaims any right to be called experts in scientific management, the effectiveness of their profit planning strategy is witnessed in part by a 218% increase in sales and 348% increase in earnings since 1949, with a parallel increase in employment from 1,800 to 3,300 in 1955. Estimated current employment is 3,750.

In the opening sections of this article you will learn how B&H sets its profit goals and how the company has been organized on a participative management basis which permits all management personnel to contribute to the job of planning ahead. The ensuing sections describe how specific B&H programs have been coordinated with the profit planning theme.

Integrated with the article's narrative are blocks of questions and answers. The questions, in bold-face, are by the editors of **MANAGEMENT METHODS**; the answers, in italics, are statements by President Percy, Executive Vice President Roberts and heads of various Bell & Howell operating divisions.

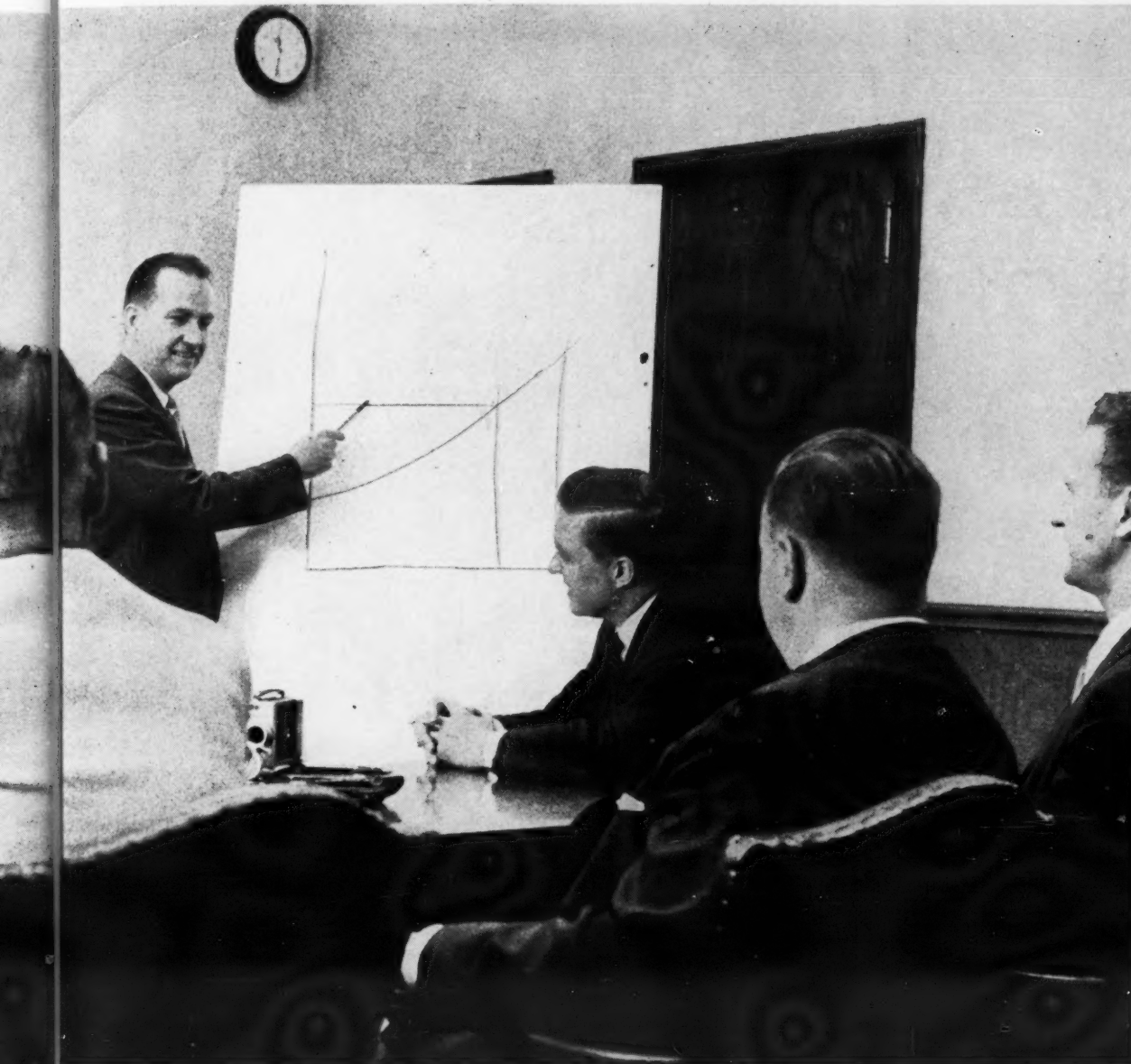
HOW B&H SETS



B&H METHODS:

1. **Chart trends**
2. **Set 60-month goals**
3. **Plan a flexible course of action**

ITS PROFIT PLANNING GOALS



At planning meeting: (l to r): Vice Presidents Roberts, Chyrchel, Townsley; President Percy; Purchasing and Material Control Director A. M. Adams; and G. W. Wallin, Executive Vice President of the TDC Division.

■ The management staff of Bell & Howell Co. knows what the company's profit is expected to be in the year 1961.

Further, they know in general terms what must be done between now and then in order to earn this profit.

Manufacturing Vice President R. L. Chyrchel, for example, knows the sales forecast for five years from today on B&H's small, low-priced movie camera and its microfilm recorders.

Vice President W. L. Johnson

knows about how many people the company expects to employ in 1961, and has begun making plans accordingly.

Purchasing and Material Control Director A. M. Adams has already done some thinking in terms of inventory needs five years hence.

Merchandising Vice President C. G. Schreyer has a good idea of what will most strongly influence future camera sales, and where additional warehousing facilities will be needed in the '60's.

The Bell & Howell top manage-

ment can speak with a fair amount of certainty about the company's next five years because they have spent literally thousands of man-hours at the job of probing the future, flagging goals and projecting plans for reaching these goals. As the goals become progressively nearer—four years, three years, two years, and especially one year hence—they become progressively more precisely defined, and the plans for reaching them become progressively more detailed.

(Continued on page 43)

Neutrancel: the newest reason why Hammermill Bond prints better, types better, looks better



THE MAGIC OF NEUTRACEL

Now hardwood's finer fibers help Hammermill Bond fold more neatly

HAVE YOU SEEN the new Hammermill Bond? From the crispness of the letterhead, the sharpness of the typing, to the final, neater folding of the letter, you'll see qualities you like to have in your office stationery and business forms.

New printing methods and new office equipment created the demand for specific paper qualities best obtained by *blending* different papermaking fibers. Now with the exclusive process that produces Neutrancel® pulp, Hammermill has unlocked the special papermaking qualities that nature grows in northern hardwoods.

The new Hammermill Bond, made from Neutrancel and other bright, sturdy pulps, folds more easily and neatly. That's true because Neutrancel helps the blend of fibers knit together more closely

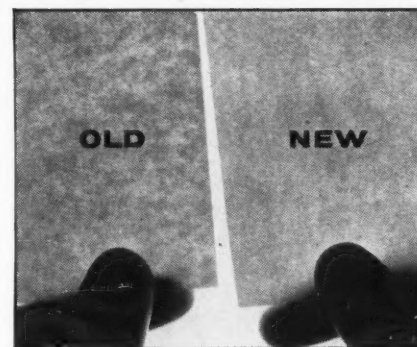
and evenly. The result is a clearer, more attractive formation—a smoother, velvety surface. You get better printing, typing, writing and carbon copies. And, Neutrancel imparts greater opacity and bulk to make your letters more impressive.

Only a few months ago, Hammermill-invented centrifugal cleaners were installed to make Hammermill papers cleaner than ever before. To that important development, we now add Neutrancel, a \$6,000,000 step forward to bring you Hammermill Bond that 1) prints better; 2) types better; 3) looks better. Ask your printer to show you samples. Hammermill Paper Company, Erie 6, Pennsylvania.



Printers everywhere use Hammermill papers. Many display this shield.

(Circle 589 for more information)



...yet
**HAMMERMILL
BOND**

with Neutrancel's finer fibers, costs no more

BELL & HOWELL COMPANY 1949 VS 1955

	1949	1955
Total Assets	\$16,417,353	\$31,898,428
Net Worth	\$12,432,334	\$21,208,029
Current Assets	\$10,707,516	\$22,432,257
Working Capital	\$ 9,020,632	\$16,015,858
Sales	\$13,238,116	\$42,137,575
Net Profit	\$ 447,765	\$ 2,007,502
No. of Employees	1,813	3,344
No. of Stockholders	1,985	2,076

60-Month Program: The entire basis of Bell & Howell's management strategy is long-range profit planning. And the heart of the profit plan is a 60-month, or five-year program.

Here is how the program works:

The first step is to chart trends and project these trends into the future. Says President Percy: "We take a retrospective look at where we have been, an objective look at where we are, and a hopeful look at where we want to go."

General economic factors and the company's own performance record are studied and plotted.

Company trends are determined by analysis of B&H's relative position in each field in which it competes. Careful comparisons of past and present financial ratios are made: earnings to sales, return on investment and inventory turnover.

Setting Goals: On the basis of these plottings, a series of future goals is established. Although the goals are kept within the range of attainability, they are generally set high enough to bring about a constant improvement in the company's position during each of the five succeeding years.

Planning Action: Once goals are set, the preparation of the 60-month program begins. A detailed plan of action is thrashed out.

Existing product lines are analyzed and a thorough review is made of the product development and research program. Then a sales forecast is made. A separate forecast is made for each of the next 15 months and on an annual basis for each of the following four years.

Supplementing the forecasts are estimates concerning predictable changes that may affect the business. Increases in hourly labor rates and salaries are projected, for example. Expansion and capital equipment needs are anticipated, scheduled, and their financing planned.

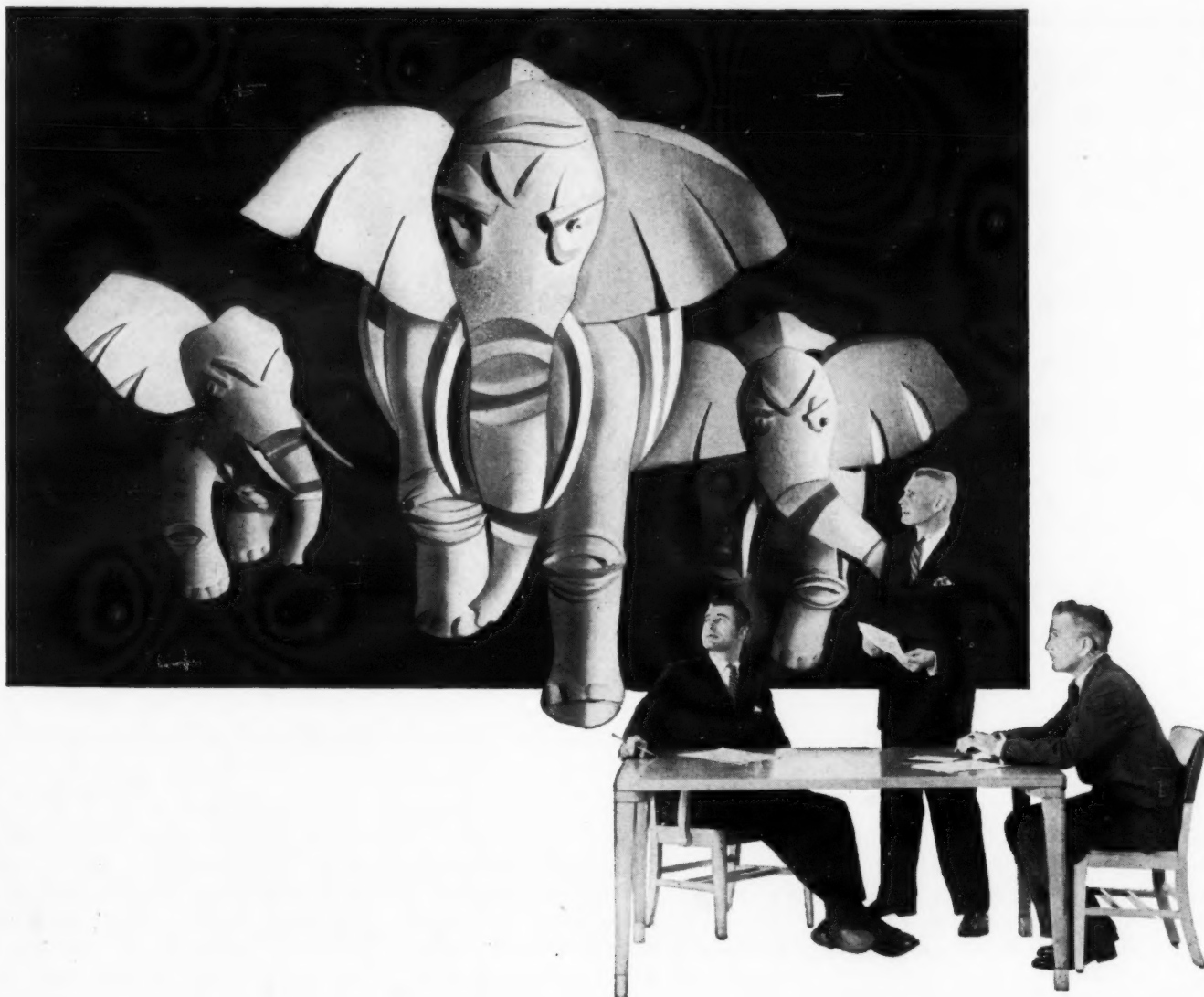
All of this work is carried out with plottings on large layout sheets. The process begins with a rough sketching out of basic facts. More facts and figures are added as the program is beefed up. Percy emphasizes, however, that never does the long-range program become finished or "official." The rough layout sheets are used for an unending process of revision and addition.

Short-range Planning: Within the long-range program, short-range planning begins when the Merchandising Division establishes preliminary sales goals for the succeeding year. This is a detailed forecast, broken down by product, model and month. At an evening shirt-sleeve session, the forecast is submitted to manufacturing, financial and administrative management executives for critical analysis. The forecast may be altered, but, finally, definite one-year-ahead goals are set. Desired inventory levels, manufacturing schedules, cost of sales, and divisional expense levels are all established.

Before the beginning of the year, the forecast profit and loss statement is submitted to the Board of Directors for approval, together with an anticipated balance sheet position. Thus, although the long-range profit goals never become official or static, the one-year-ahead goal does become official.

Through the year for which the profit goal has been set, programs and expenses are subjected to continual revision in order to keep operations on target.

(Continued on page 45)



these white elephants are made of paper!

Are you feeding them in your office? Most offices are! They're that mass of ever-accumulating records that bulk up files, eat up space, and gobble up big hunks of profit!

If you have any doubt about these beasts stalking your office — try these three simple tests:

TEST #1 — Do you have an organized policy covering systematic retention, transfer or destruction of all papers and documents? If not, you must be feeding a white elephant! Tremendous savings are possible. Assuming you have 50 files, annual savings of \$3850* will result from the 35% of the records to be destroyed... 100 files double this amount, and so on. And savings from "destruction" are only a drop in the bucket!

TEST #2 — How long does it take to find or file a paper in your organization? It should not take longer than 1 minute. If it does, your company probably needs a Records Analysis.

TEST #3 — When you ask for a file by *subject* instead of by name do you get all the records pertaining to that subject — and are they in order for best use? A subject file is the backbone of a record-

keeping operation—the source of vital facts for management decisions. *Untold dollars* ride on those decisions!

Get the latest information on actual dollar savings possible through modern records management methods. Send for this free literature.

Remington Rand

DIVISION OF SPERRY RAND CORPORATION
Room 2025, 315 Fourth Avenue, New York 10.

Kindly send literature checked:

- ☐ BSD45 — "Control Of Records And Their Costs"
- ☐ X1615 — "Your Records" — (Controlled From Creation To Destruction)
- ☐ BSD46 — "How To Save Executive Time" (Subject Filing)
- ☐ *BSD32 — "Get These Annual Dollar Savings From Your Files"
- ☐ LBV676 — "Kompakt — The File With The Extra Drawer"
- ☐ BSD-5B — "Complete Microfilming Service"
- ☐ SC707B — "The Cost Of Burned Records"

NAME _____ TITLE _____
COMPANY _____
ADDRESS _____
CITY _____ ZONE _____ STATE _____ 4

(Circle 615 for more information)

MANAGEMENT METHODS

QUESTIONS BY THE EDITORS

Q. What kind of developments occur that make it necessary for you to modify your programs and expenses?

W. E. ROBERTS (Executive Vice President): *Some are of our own making, such as unforeseeable results of our own engineering and research efforts, or consolidation of newly acquired businesses. Others we have no control over, such as the appearance on the market of new competitive products.*

Q. What are some examples of corrective action that you might take to bring your program into line with the profit goal when a problem area has been spotted?

ROBERTS: *The answer might be overtime, duplicate tooling, new capital equipment, 'round-the-clock engineering effort, or it may be a price change, or the appointment of a special task force to nurse a problem area back to normal.*

Q. Suppose some problem arises that cannot be remedied in time to get your program back on the track?

ROBERTS: *Then immediate steps are initiated to cut expense budgets and bring the program into balance in that way. Only as a last resort do we attempt to have our one-year-ahead earnings goals altered once they have been set and approved.*

Q. What has been your batting average in reaching the one-year-ahead earnings goals?

ROBERTS: *Over the past few years, we have varied only slightly from our forecast sales, expense and profit budgets. Variation in expenses against budget in 1955, for example, was only 1%. The actual profit that year missed the forecast profit by 5%.*

Q. What has been your batting average in reaching your long-range, 60-month profit goals?

ROBERTS: *Because the 60-month program is constructed on a thoroughly flexible base, results are not directly measurable in terms of batting averages. Bear in mind that we are looking ahead over five years from a constantly moving current date. The value of the long-range planning is that it keeps us aimed in the right direction, and helps us score in our short-range planning.*

(Continued on page 47)

Executive Vice President Roberts and President Percy spend many hours exploring ways to build the company's future.



Now that a photocopier costs less than an office typewriter...



Large companies will find that putting a new Signet Copier in *each department* is every bit as practical as having a typewriter at each secretary's desk. Ends costly "travel" to duplicating room and waiting in line for copies. Speeds communications with other departments and customers—everyone gets copies soon as needed.



"One-man" offices can now enjoy the 101 short cuts Verifax copying has brought to thousands of companies. For example—answer mail without dictation and typing; do "all-day" retyping jobs in 15 minutes. Eliminating only one page of typing per day, saves Signet's cost in less than a year.

DOES MORE! This sensational copier makes 5 copies in 1 minute for just 2½¢ each. Does many jobs beyond scope of ordinary copiers—for example, makes copies on pre-printed office forms... and on both sides of standard copy paper. Even makes an offset plate in 1 minute for less than 20¢, using low-cost adapter.

MISSES NOTHING! Verifax copies are photo-exact from top to bottom—especially important when you're copying legal papers and accounting records with all types of ink writing. No worries about deterioration, either—Verifax copies will last fully as long as any typewritten record used today.

NEW FREE FOLDER gives complete details on new \$148 Signet and other Verifax Copiers. *Also sent free*—valuable booklet revealing the short cuts Verifax copying has brought to thousands of offices.

Kodak's new **VERIFAX** *Signet* **COPIER** ... only \$148



MAIL COUPON TODAY

EASTMAN KODAK COMPANY, *Business Photo Methods Division*
343 State St., Rochester 4, N. Y.

197-10

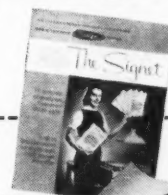
Gentlemen: Please send free Signet folder, "Short Cuts" booklet, and names of near-by dealers. No obligation.

Name _____ Position _____

Company _____ Street _____

City _____ State _____

(Circle 578 for more information)



Kodak
TRADE MARK

PROFIT PLANNING THROUGH PARTICIPATIVE MANAGEMENT

B&H METHODS:

1. **Coordinate management action**
2. **Brainstorm through management boards**
3. **Criss-cross management thinking**

■ Bell & Howell Co. is organized on a basis of participative management—getting everyone into the act. Key ingredients in B&H's program of participative management are 1) a formalized schedule of management conferences and staff meetings, and 2) the operation of a series of high-level advisory committees, or, as B&H calls them, management boards.

Staff Meetings: At regular monthly luncheon meetings, officers and division managers get together to review recent accomplishments and to analyze near-term forecasts. Round-robin reports bring each division head up-to-date on what is going on in other divisions. Working together as a group, the executives are able to move in close on specific aspects of the 60-month program.

But President Percy and Executive Vice President Roberts feel it is also important for top men in the company to move far enough away from the program to view it in perspective. For this reason, company officers and division heads literally move away from the company once each quarter. They check in at a private hunting and fishing club, the Fin 'n Feather Club in nearby Elgin, Ill. Here, minus the interruption of telephones and the pressure of supervisory responsibility, they are able to concentrate fully on the job of charting the company's future.

The informality of the club serves a purpose: in the outdoor atmosphere, any tensions that may have developed between individuals tend to evaporate.

Management Boards: Bell & Howell leans heavily on its various management boards to coordinate the functional phases of its 60-month program. The first boards were set

up in 1949; now there are four of them: Research, Sales Analysis, Manufacturing and Budget.

These management boards have as their function the coordination of all aspects of the business. They also provide a means for tapping the specialized knowledge of the individual management people.

Considered most important of all the boards is the Research Board. All ideas for new products are submitted to it. Its purpose is to guide suitable new product ideas through to fruition. Members of the Research Board are the president; executive vice president; treasurer; engineering, manufacturing and merchandising vice presidents; the head of the product planning group; the assistant vice president of manufacturing, the chief engineer, the president of the TDC* Division, who is also purchasing and material control director; the executive vice president of the TDC Division. Thus, all major operating divisions are represented, and the heads of these various operations are able to contribute their respective viewpoints to decisions on new product development.

Ideas concerning appearance, price and features of a proposed new product are thoroughly discussed in Research Board meetings before the first line is made on a sheet of drafting paper. Sales, engineering, manufacturing and financing problems are analyzed before—not after—new product development work is begun.

Once a development project has been given a go-ahead, it is assigned to the appropriate operating division. But the Research Board continues to watch its progress.

Here are the makeup and workings of two of the other B&H management boards:

Sales Analysis Board: Monthly meetings include key merchandising, manufacturing, purchasing, and market research people, plus the treasurer, controller and Executive Vice President Roberts. All sta-

* Three Dimensional Company, acquired by B&H in 1954.

tistical data is presented graphically. Individual product projections for the ensuing 15-month period are studied month by month. Monthly sales histories, by product, for the previous year and for the current year to date are compared with planned manufacturing and projected inventory schedules. The sales, manufacturing and inventory programs are reviewed and confirmed or modified in the light of conditions. Weak areas are detected and corrective action planned.

Supplementing the monthly meetings of the Sales Analysis Board, a smaller group meets each week and briefly reviews sales and manufacturing progress toward budget goals, detecting negative trends in time to bend them back to meet or exceed budget.

Manufacturing Board: This group is composed of manufacturing, planning, tooling, production engineering, quality control, and methods engineering personnel. The Manufacturing Board coordinates the functions of the Manufacturing Division. It serves as a two-way information channel and a sounding board for unusual problems or new manufacturing ideas or techniques.

Budget Board: Control of the company's purse strings is in the hands of this board. Serving on it are the president, executive vice president, treasurer, controller, and vice president for manufacturing. It develops all budgets of the company, in cooperation with the division heads. Annual divisional expense budgets, manufacturing schedules, capital equipment budgets, inventory objectives and the cash forecast are its responsibilities. The Budget Board must operate within the current earnings target and with the 60-month goals constantly in sight.

QUESTIONS BY THE EDITORS

Q. Don't these various management board meetings consume an undue amount of top executives' time?

PERCY: They consume a great deal
(Continued on page 104)

ADP* GIVES YOU ONLY THE

*Automated Data Processing by Moore

A question confronting many companies is this—"Will automation help us?" If so, "What kind of automation will help us, and where do we start?" When deciding what to do or what steps to take to process data automatically, the Moore representative is a helpful man to call in for advice. He can help you plan the system that's exactly right for you . . . the system that helps you meet your objectives economically and efficiently.

Early in the planning stages he can design the correct forms-system that will give you the utmost from your data processing equipment. Moore doesn't make ADP machines, but forms only. If automation will help you, ADP is a logical starting point, because proper form designs and construction play an important part in sound planning for a data processing system. An ADP system can be installed all at once or in planned stages.



The Moore man knows automation and brings 'composite' experience to your problem. Behind him are the resources and wide experience of the world's largest, most versatile manufacturer of business forms.

Faster shipments and complete control—with ADP
A small or medium-sized company can improve its order handling and invoicing by using fundamental ADP applications

SEE CASE HISTORY ON FACING PAGE

(Circle 598 for more information)

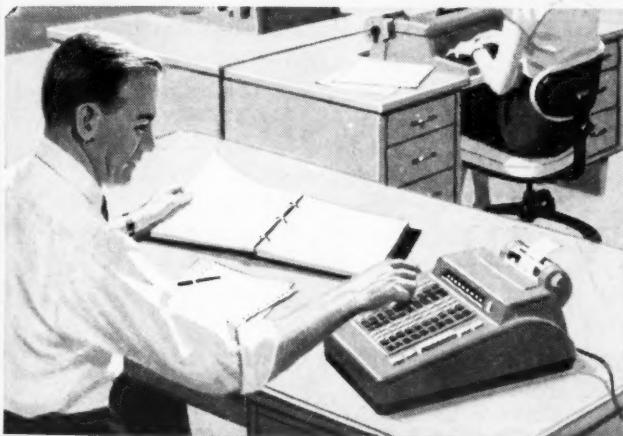
E AUTOMATION YOU NEED-NO MORE



SALES OFFICE—Customer orders are received by mail or telephone in the Sales Office. Many of these request shipment same day. The Sales Department types a Moore 6-part Speediflo Invoice form. At the same time—as a by-product of the typing—a tape is punched, automatically.



WAREHOUSE—Data on the tape is wire-transmitted to the warehouse. On the receiving machine a second form set is automatically typed. This set includes the Bill of Lading copies, a packing list and label copy and a warehouse order which becomes the notice of shipment to the Billing Dept.



PRICING CLERK—The warehouse copy is sent to the Pricing Clerk—for pricing quantities shipped and marking back-ordered items. Extensions are computed and entered on the form. It is forwarded to the Sales Department where it will be used as a basis for completing the invoice.



SALES OFFICE—A new invoice containing back-ordered items is prepared and data is wire-transmitted to the warehouse. Here a new Shipping set is prepared and filed until the new stock is received. The system has provided faster work flow with accuracy in transmitting information.

Moore Forms are the heart of the system ...they deliver the ADP benefits

Moore's 'Automated Data Processing' means the continuous and integrated operation of data processing, using automatic machines. The small or medium-sized company can realize the benefits of ADP without serious work interruption, disturbing change or costly investment.

Any company, large or small, can enjoy practical ADP benefits like those above. A good start is calling in the Moore man to review your system requirements for improvements. He's in the Classified or can be reached by writing the Moore office nearest, below.



The Moore
5-part
Shipping
set



The Moore
6-part
Speediflo

MOORE BUSINESS FORMS Inc

NIAGARA FALLS, N.Y. • DENTON, TEXAS • EMERYVILLE, CALIFORNIA

Since 1882 the world's largest manufacturer of business forms and systems. Over 300 offices and factories across U.S. and Canada.

(Circle 598 for more information)



Checking a customer-ledger card in a Recordak Film Reader

New credit reporting system checks your history in 1 minute

Amarillo Credit Association, Amarillo, Texas, saves \$300 a month with Recordak Microfilming. And the stores it serves no longer waste 30-60 hours per month checking customers' records for Association.

By photographing its members' customer-ledger cards in a Recordak Microfilmer—and storing the films at the finger tips—the Amarillo Credit Association delivers incredibly fast service with less clerical help.

Imagine looking up credit information on 15 customers in 15 minutes! It used to take this long just to contact a store's credit manager and read off a list of names for him to check! Now he's spared this tedious job. And where he used to be plagued by forty or so phone inquiries daily from the Association, he now gets one or two.

The Association, on the other hand, isn't held up waiting for credit managers to answer; reports aren't

delayed a day as they used to be when answers were received around closing time.

RECORDAK

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—
and its application to business routines**

Free . . . "Short Cuts That Save Millions." New booklet shows how more than 100 different types of business—thousands of concerns—cut daily costs with Recordak Microfilming.

"Recordak" is a trademark

MAIL COUPON TODAY

RECORDAK CORPORATION
(Subsidiary of Eastman Kodak Company)
415 Madison Ave., New York 17, N.Y. F-10

Gentlemen: Please send free copy of
"Short Cuts That Save Millions."

Name _____ Position _____

Company _____

Street _____

City _____ State _____

(Circle 614 for more information)

How to set up a middle management incentive plan

Most direct incentive plans are designed for worker participation only. Here is a step-by-step description of a successful plan that includes supervisors and other operating management personnel.

by R. H. Davis, Budget Director

American Seating Co., Grand Rapids, Michigan

One of the best ways to increase the value of a good idea is to extend the application of it into broader areas.

At American Seating, we followed this rule in connection with our employee incentive plan: we extended this idea by devising an incentive plan to cover middle and lower levels of *management* personnel. The result has been dollar savings and a continuous improvement in performance. Better planning, closer control of costs and an increased number of suggestions from management personnel are just some of the benefits from the company point of view. And for the management people covered by the incentive plan, it means increased earnings.

The plan was inaugurated in 1950 and covers supervisors, foremen, and other exempt salary personnel. The underlying basis of the plan is a series of standards covering all elements of manufacturing cost. (Whenever practical, we simply apply cost and budget standards that are already in existence.) Essentially, the operation of the plan consists of measuring performance against this series of standards. When costs are below standard, the net savings are shared jointly by the company and by the incentive plan participants.

Simple as this process may seem, however, there are many aspects that influence the effective result.

Prerequisites for success

Our experience has shown, for example, that good systems of standard costs and flexible budgets—covering each segment of the business—are the major prerequisites. Without flexible budgets, it is impossible to establish fair standards in the face of fluctuations in product mix and in work volume.

In addition, we have found *administration* to be a determining factor in the success of the program. Our plan is administered by a committee consisting of the vice president of manufacturing, the vice president of finance and the budget director. These men together approve the cost standards against which performance is measured. When conditions change, they alter the standards accordingly, so as to maintain the balanced relationship between incentive earnings and effort.

How participation is calculated

Individual participation in the plan is based largely on *potential* ability to influence cost savings. Individual maximum incentive bonuses are established for the various positions at 15%, 25% or 35% of *base salary*. Management people in positions with the greatest potential effect on cost control are in the 35% class; those with moderate potential effect are in the 25% class; and those with the least potential effect are in the 15% class. For example, operat-

ing supervisors are in the 25% class

This classification has three advantages:

1. It permits the inclusion of all exempt salaried employees on an equitable basis, thereby inviting cooperation from all areas.
2. It gives the greatest incentive to a comparatively small group having the greatest potential influence on cost control.
3. It places the large group of operating supervisors all on the same basis of participation.

Who goes into what class is determined by a study of job content as described in position descriptions, and has nothing to do with how well an individual is performing their work. Recognition of *personal* ability is through the merit rating plan; extra pay for merit on top of base salary does not enter into computation of incentive pay.

The maximum bonus distribution is naturally limited to the total potential bonus of all participants. The incentive bonus is based on actual performance against standards covering both direct and indirect factory cost. Standards are established at the beginning of each year. Direct cost standards are not altered during the course of the year. But indirect cost standards, because they are based on totals of departmental variable expense budgets, are adjusted each month for volume and product mix.

(Continued on page 52)



for
amazing
new
Ozalid
Microfilm Duplicates

Now—Ozalid microfilm duplicating centers across the nation are "open for business". . . bringing all the benefits of Ozalid's amazing duplicating process right to your area.

- With Ozalid duplicates, you get a negative directly from your negative. They're "white-on-black," easy to read in the viewing screen. They're "black-on-white," crisp and clear in photo enlargements.
- With Ozalid duplicates you get images that are far clearer, sharper than conventional film duplicates.
- With Ozalid duplicates, you get protection against costly scratches. Images are buried right in the film base . . . no emulsion is present to scar or scratch. Fingerprints wipe clean with a damp cloth.

FOR A FREE SAMPLE OF Ozalid Microfilm Duplicate, write: Ozalid, Microfilm Dept. J-10, Johnson City, N. Y

OZALID®
microfilm duplicates

A Division of General Aniline & Film Corporation
In Canada—Hughes Owens Co., Ltd., Montreal

(Circle 641 for more information)

The plan is an annual plan with bonus calculations made on a cumulative basis from the beginning of the calendar year to date. Bonus prepayments are made quarterly. Poor performance in any month must be offset by equivalent plus performances in other months before a bonus is earned.

Participants derive benefits for a period of at least six months from continuing cost reductions which they effect. In other words, in order to avoid the holding back of cost saving ideas until the following year, the participants are guaranteed that the old standard costs will be used in computing their bonus for at least six months, even though the effective date is within six months of the end of the year (when standard costs may be changed).

Computing earned bonus

Figure 1 (on page 53) illustrates how the bonus is computed on a cumulative year to date basis, and how prepayments are made quarterly. The figures are hypothetical, and for illustrative purposes only.

Starting with the month of January, assume that the total factory cost standard was \$500,000 (Line A). But actual factory costs for the month were \$495,000 (Line B). The difference, Line A less Line B, or \$5,000, is the cost saving for the month (Line C). Fifty per cent of the saving, or \$2,500, is the participants' bonus share (Line D).

This bonus share is placed in a pool called cumulative earned bonus (Line E). Now the individual potential bonuses of all participants are added to get the total potential bonus. We'll assume this to be \$10,000 for the month (Line F). The total earned bonus of \$2,500 (Line E) divided by the total potential bonus of \$10,000 (Line F) equals



**ABOUT
THE
AUTHOR**

As Budget Director, R. H. Davis serves on the committee that administers the middle management incentive program described here. The material in this article has been the subject of a presentation before the Industrial Management Society.

Figure 1

AMERICAN SEATING COMPANY

Hypothetical example of how bonus computations are made
on a cumulative year to date basis

Line	Item	1ST. QTR.			2ND QTR.			3RD QTR.			4TH. QTR.		
		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
A	Factory Standard Costs	\$500,000	\$510,000	\$600,000	\$510,000	\$550,000	\$650,000	\$390,000	\$640,000	\$780,000	\$630,000	\$500,000	\$520,000
B	Actual Factory Costs	495,000	500,000	595,000	505,000	565,000	655,000	380,000	620,000	755,000	610,000	490,000	515,000
C	Cost Savings (A-B)	5,000	10,000	5,000	5,000	(15,000)	(5,000)	10,000	20,000	25,000	20,000	10,000	5,000
D	50% Bonus Share (C x 50%)	2,500	5,000	2,500	2,500	(7,500)	(2,500)	5,000	10,000	12,500	10,000	5,000	2,500
E	Cumulative Earned Bonus	2,500	7,500	10,000	12,500	5,000	2,500	7,500	17,500	30,000	40,000	45,000	47,500
F	Cumulative Potential Bonus	10,000	20,000	30,000	40,300	50,600	60,900	71,200	81,500	91,800	102,100	112,400	122,700
G	"Payoff"—Earned Bonus %	25%	37.5%	33.3%	31%	9.9%	4.1%	10.5%	21.5%	32.7%	39.2%	40.0%	38.7%
H	Quarterly Prepayments			10,000						20,000			17,500
I	Balance Due Participants	2,500	7,500		2,500	(5,000)	(7,500)	(2,500)	7,500		10,000	15,000	
J	This month's earned bonus %	25%	50%	25%	24.3%	(72.8%)	(24.3%)	48.5%	97.1%	121.4%	97.1%	48.5%	24.3%
Monthly Analysis of Savings (or Loss) by Major Items of Cost													
K	Direct Labor	(1,000)	(1,500)	(2,500)	(500)	(1,500)	(1,000)	1,000	1,500	1,500	2,000	1,000	1,500
L	Direct Material	1,000	2,000	(1,000)	2,000	(2,000)	1,000	3,500	4,500	6,000	3,000	1,000	1,000
M	Burden	7,000	10,500	8,000	3,000	(12,000)	(6,000)	4,000	12,000	17,000	14,000	7,500	1,500
N	Scrapped Parts	(2,000)	(1,000)	500	500	500	1,000	1,500	2,000	500	1,000	500	1,000
O	Total Savings (or Loss)	5,000	10,000	5,000	5,000	(15,000)	(5,000)	10,000	20,000	25,000	20,000	10,000	5,000

Figure 2

MONTHLY EXPENSE BUDGET AND PERFORMANCE REPORT									
Dept. 23 - Metal Assembly				Month of September				Actual for Month 22,409 D.L. Std. Hrs.	
ACT. NO.	DESCRIPTION	ACTUAL EXPENSE			BUDGET ALLOWANCE	VARIANCE THIS MONTH		VARIANCE TO DATE	
		Dept. Labor	Other Labor	Material		Over	Under	Over	Under
41	Material Handling	1836			1836	1504	332	563	
42	Housekeeping	677	70	3	750	695	55	126	
43	Tool Room Attendants		25		25	36	11	46	
44	Building Repairs		127	66	193	123	70	43	
45	Inspection	3188			3188	3126	56	527	
46	Machinery Repairs	2	2417	1487	4046	4460	414	1062	
47	Stockkeeping		229		229	968	239	465	
48	Trucks, Bells, Tools & Saws	44	147	742	933	1172	239	92	
49	Repairs & Rework to Product	3740			3740	3819	79	1624	
50	Supplies			2233	2233	2801	568	65	
51	Utility Labor	4220			4220	4630	410	2447	
52	Reheat, Vent. & Air Cond.		15		15	130	115	353	
53	Checkings	69			69	22	47	19	
54	Patterns, Jigs, Gauges & Temp.	56	791	14	861	1273	412	578	
55	Occupational Wage Guarantee	734			734	578	156	427	
56	Die Repairs		403	81	484	753	269	543	
57	Gas, Carbide, Oxygen & Weld Rod			2409	2409	1748	661	69	
58	Abrasives (Inc. Stars & Grit)			238	238	381	143	210	
59	Grinding Machines	2354			2354	2546	192	827	
60	Adjust & Set Up Machines	4621			4621	3586	1035	1658	
61	Idle Time	389			389	186	203	827	
62	Job Training								
63	Racks, Benches & Equipment	1	1438	216	1655	1721	66	742	
Totals		21,928	6,362	2,729	30,716	34,280	2415	3157	8024
Net Variance						548		2435	30%
REMARKS: Percent of Standard 98.5% 100.0% 1.5%									

Figure 3

AMERICAN SEATING COMPANY

Intra-Company Correspondence

To: Joe Jones Date 10/1956
From: Management Incentive Plan Administration Committee
Subject: Statement of bonus under Management Incentive Plan (first 9 months, 1956)

Your bonus for the first nine months is \$313.92. This amount, less the quarterly prepayments you received on April 30 and July 31, will be included in your paycheck of October 31.

The amount of your bonus payment was determined as follows:

Your monthly potential bonuses were:

January	\$ 100	June	\$ 110
February	100	July	110
March	100	August	110
April	110	September	110
May	110		

Your total potential bonus for the first 9 months

\$960

First 9 months cumulative earned bonus %

32.7%

Total earned bonus—first 9 months

\$313.92

Deduct prepayments for 1st & 2nd quarters

100.00

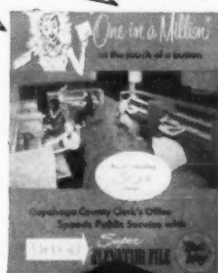
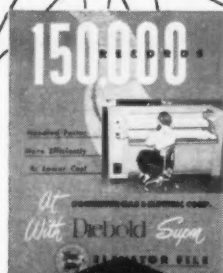
Balance of earned bonus to be paid Oct. 31

\$213.92

HERE'S PROOF!

Diebold SUPER ELEVATOR FILES

cut record handling costs



MANUFACTURER
Parts Records
on Tab Cards

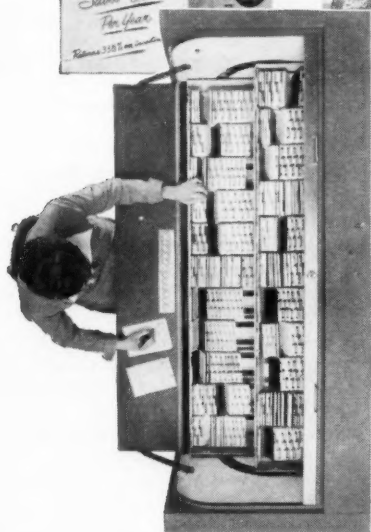
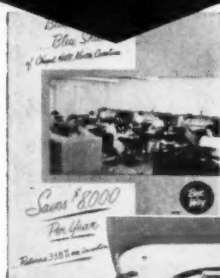
PUBLIC UTILITY
Credit History Records

CLERK OF COURTS
Automobile Title
Records

HOSPITAL SAVINGS
ASSOC.
Membership Records

INSURANCE
COMPANY
Fire Underwriting
Records

BANK
Central Information
File



User experiences prove that *practical automation* . . . the handling of large-volume records by motorized Super Elevator Files . . . cuts time and space costs up to 50% . . . saves thousands of dollars annually! Touching a button triggers an electrical brain that whirls any one of 10,000 to 300,000 records into perfect position for referring or posting. Ask for case histories describing improved record keeping . . . histories that report initial investment write-off in 5 to 18 months.

Call your local Diebold representative, or mail the coupon today.

#64,000
QUESTION

protected by

Diebold®

INCORPORATED

908 Mulberry Rd., S. E.
Canton 2, Ohio

N-310-DI

Diebold, Inc.
908 Mulberry Rd., S. E.
Canton 2, Ohio

Please send case histories that will help us with
our _____ records.

Firm _____

Individual _____ Title _____

Street _____

City _____ Zone _____ State _____

25%, the earned bonus per cent (Line G).

This earned bonus per cent is calculated monthly and announced to the participants. They can then compute their own earned bonuses for the month by multiplying their individual potential bonuses by the earned bonus per cent. Thus:

If foreman Jones has a base salary of \$400 per month, and is in the 25% class, his individual potential bonus is \$100. Since the earned bonus per cent was 25%, his individual bonus dollars amount to \$25 for the month.

Lines H and I demonstrate how the quarterly prepayments are made. Line J shows the earned bonus per cent for each month's performance.

Inasmuch as actual bonus payments are made quarterly, the \$2,500 earned bonus for January is not paid out immediately, but is announced as the balance due participants (Line I).

No changes in base salaries or in the number of participants was made during February or March, and so the potential bonus remained \$10,000 per month, or \$30,000 cumulative for the first quarter. In February \$5,000 was earned. This represented 50% earned bonus for the month and a cumulative earned bonus for the two months amounting to \$7,500 or 37.5%. The balance due participants was then \$7,500. In March \$2,500 was earned, and so the cumulative earned bonus for the quarter was \$10,000 or 33.3% of the cumulative potential bonus of \$30,000.

The \$10,000 is paid to the participants—with each participant's bonus amounting to 33.3% of his own individual cumulative potential bonus for the 3-month period.

In the second quarter the participants earned \$2,500 in April, but lost \$7,500 in May and \$2,500 in June. Therefore, actual costs during the second quarter exceeded standard costs by \$7,500, and the cumulative earned bonus for the six months was reduced to \$2,500.

Since \$10,000 was prepaid at the end of the first quarter, the group was overpaid for the six months by \$7,500. This is shown in Line I. This overpayment must be offset by equivalent earned bonus in later months before any additional pay-

(Circle 578 for more information)



the calculating female figures on FACIT



Because Facit gets results — quickly and easily. Solve any problem single-handed, with the ten fastest keys to calculating ease. The fully automatic Facit — multiplies, divides, adds, subtracts — and does it all with the five fingers of one nimble hand.

FACIT INC.

404 Fourth Ave., New York 16, or 235 Montgomery St., San Francisco
The world's largest producer of calculators.

See and learn how to calculate in 10 minutes on the new
CA1-13 and CS1-13 at the National Business Show — Booth 213-W

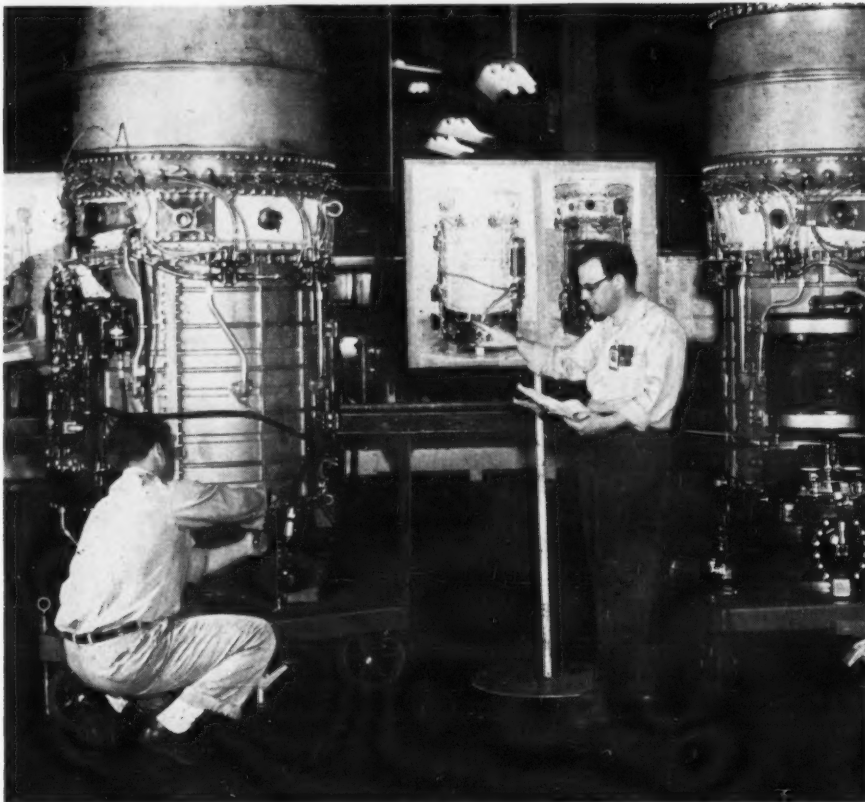


Photo Courtesy: Wright Aeronautical Division, Curtiss-Wright Corp.

Here's how the industrial photographer saves time and money for Curtiss-Wright Corp.

Photography is a valuable production tool in many firms today—perhaps it can help speed production and cut costs in yours. Here's just one example of a business that is using photography to advantage.

Jet engines are photographed at Curtiss-Wright Corp. with fine-grain high-speed Du Pont "Superior" Press Film. Negatives are then printed giant size on Velour Black® projection paper and used as pictorial "blueprints," as shown above. Result: work is speeded and errors are all but eliminated on a production line where hand assembly is required.

Curtiss-Wright makes its own pro-

jection slides—and saves approximately \$50,000 a year doing it. They use Du Pont Photolith lithographic film processed by a special paper developer. Accuracy in line drawings is 1/45,000 of an inch!

Still other Du Pont photographic products are used by this firm—including high-speed Motion Picture Films for shooting plant training films and Lino-Writ photo-recording paper for vibration and stress testing of finished engines.

Take advantage of industrial photography and the many Du Pont photographic products that serve every phase of business. Just clip and mail the coupon below.

DU PONT PHOTOGRAPHIC PRODUCTS



BETTER THINGS FOR BETTER
LIVING... THROUGH CHEMISTRY

E. I. du Pont de Nemours & Co. (Inc.)
Photo Products Department
Wilmington 98, Delaware

1710

Please send me information about _____

Name _____

Position _____

Firm _____

Address _____

City _____

State _____

(Circle 575 for more information)

ments will be made. This is demonstrated in the example where \$27,500 was earned during the third quarter (\$5,000 in July, \$10,000 in August, and \$12,500 in September), bringing the total cumulative earned bonus to \$30,000 for the nine months period.

This, less the \$10,000 prepaid at the end of the first quarter, leaves \$20,000 earned bonus, which is then distributed. The balance due the participants is again zero. An additional \$17,500 was earned during the fourth quarter and was paid at the end of the year. Thus, the participants earned and were paid \$47,500 for the year. On January 1, we start all over with a zero balance, and with revised standards if changed conditions make revisions necessary.

By making quarterly prepayments, the company obviously runs the risk of overpaying the participants for the year. If this happens, the participants are not asked to return their overpayments. The company stands the loss. We consider the benefit of frequent payments, which help to keep the incentive alive during the year, worth the risk of overpayment.

Keeping participants informed

A monthly performance report to the participants shows, in addition to the cumulative bonus computation for the year to date, a summary analysis of the savings (or loss) by major items of cost (Lines K through O). These figures are further broken down in complete detail by department and product.

Typical of the several reports issued to inform the supervisor of his cost variance is the Monthly Expense Budget and Performance Report shown in Figure 2 (on page 53). This report compares the actual burden expenditures of the past month with the standard burden allowances, and shows variances for the month and total variance.

It is significant that the budget allowances vary in proportion to the hours worked during the period, and thus the budget remains a fair standard at all productive levels. This can be seen by noting that the actual activity in the example is more than double the hours expected during an average month of the year, yet the over-all control of expenditures is not lost.

Detailed reports on scrap, direct

There goes another consignment of red ink



The salesman spent a week in Bermuda on his commission. The front office rejoiced. But the company lost money.

What was wrong? Factory overhead.

This company has a plant-wide burden rate. All costs are based on it. In some departments, actual overhead is *less* than the standard rate. Profits are high. In others — notably those which turned out these babies — actual overhead *exceeds* the standard rate. Prices don't cover it. Profits are seldom if ever.

How different with the Keysort Plant Control

Plan! With PCP, the plant manager can pinpoint burden charges by *department* . . . and prices can be set to allow for profit in each operation. Because plant operating figures are reported *on time*, unrealistic overhead rates can be quickly spotted.

The Keysort Plant Control Plan can give you *fast, accurate* reports on every phase of factory operation. Whatever your size or set-up. At remarkably low cost. The nearby McBee man has a presentation which will show you how it's done. *It takes just one hour from start to finish.* Phone him, or write us.

McBEE



KEYSORT®

Punched-card accounting for any business

Manufactured exclusively by The McBee Company, Athens, Ohio • Division of Royal McBee Corporation
Offices in principal cities • In Canada: The McBee Company, Ltd., 179 Bartley Drive, Toronto 16, Ontario
(Circle 600 for more information)

labor and direct material variances are also published. These timely reports enable the participants to analyze the variances and take corrective action. They know each month just how they are doing under the plan.

Quarterly statements are issued to each participant showing the amount of his bonus payment and how it was computed. Figure 3 on page 53 shows such a report to Joe Jones, foreman, at the end of the third quarter.

Appraisal of results

We will never know what our costs would have been if we had

not installed this management incentive plan. Therefore, a dollar and cents appraisal is difficult. We know, however, that morale is improved, and that more effort is being exerted on cost savings. The incentive opportunity unquestionably has caused the management group to do a better job of planning, controlling costs, and working together, not just because they *have* to, but because they *want* to. This is the most significant accomplishment of the plan—better attitudes, more loyalty, and willingness to work together as a team to attain over-all effectiveness. Other results include reduction in waste of time

OBJECTIVES OF THE

MIDDLE MANAGEMENT INCENTIVE PLAN

1. To tie members of middle management into a closer relationship with the successful operation of the company.
2. To develop them as co-managers of the enterprise.
3. To promote the realization of planned profits through the medium of better planning and more stringent cost control.
4. To reward them by sharing with them the savings, or cost reductions, they effect.

and materials, better care of equipment, and, of course, a more equitable wage relationship with hourly rated employees on incentive.

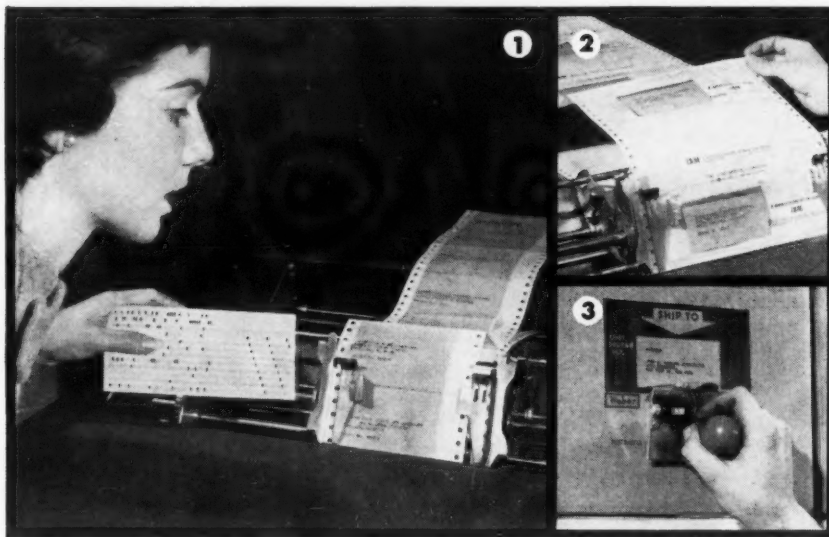
Cost savings shown

The amount of cost savings (or loss), as a per cent of standard costs, by years since the plan was installed in October 1950, is:

Year	Time	Savings
1950	3 months	(1.70%) loss
1951	year	0.24% gain
1952	year	0.15% gain
1953	year	0.93% gain
1954	year	0.85% gain
1955	year	1.18% gain
1956	6 months	0.37% gain

In 1952 the savings were less than in 1951 partly as a result of an expensive repair job made necessary because of a faulty die. Several thousand chairs were manufactured before it was discovered that the die had misformed a part in such a way that it did not meet fatigue tests. This is typical of the kind of expense that the plan attempts to minimize. You can be sure that the participants will see to it that errors of this kind will be few and far between.

Although the attainment expressed as a percentage of standard cost may seem small, the dollars involved are substantial, and afford a real opportunity for the participants to increase their earnings. In addition, the attainment of objectives brings keen satisfaction to the individuals, and the close cost control evidenced by the above figures enables the company to rely more on standard costs and work to closer tolerances. m/m



Punched-card systems also prepare Weber stencils to address shipments

Users of punched card or tape automatic accounting machines, including IBM's new Cardatype, can now prepare their shipment addressing master with their invoice forms or other documents at a substantial savings in time and money.

The Weber stencil, used with a small handprinter to address multiple shipments (photo 3), can be prepared in continuous form independently of other

documents (photo 1), or tabbed over ship-to area of forms and prepared simultaneously (photo 2). Once prepared with customer's address, stencil is ready to be used to address directly on cartons, or on labels or tags.

Shipment addressing is speeded up. Shipping errors reduced. Clerical time is saved. Clip coupon for full details.

WEBER MARKING SYSTEMS
Dept. 9-J
Division of Weber Addressing
Machine Co.
Mount Prospect, Ill.
Phone: Clearbrook 3-2405

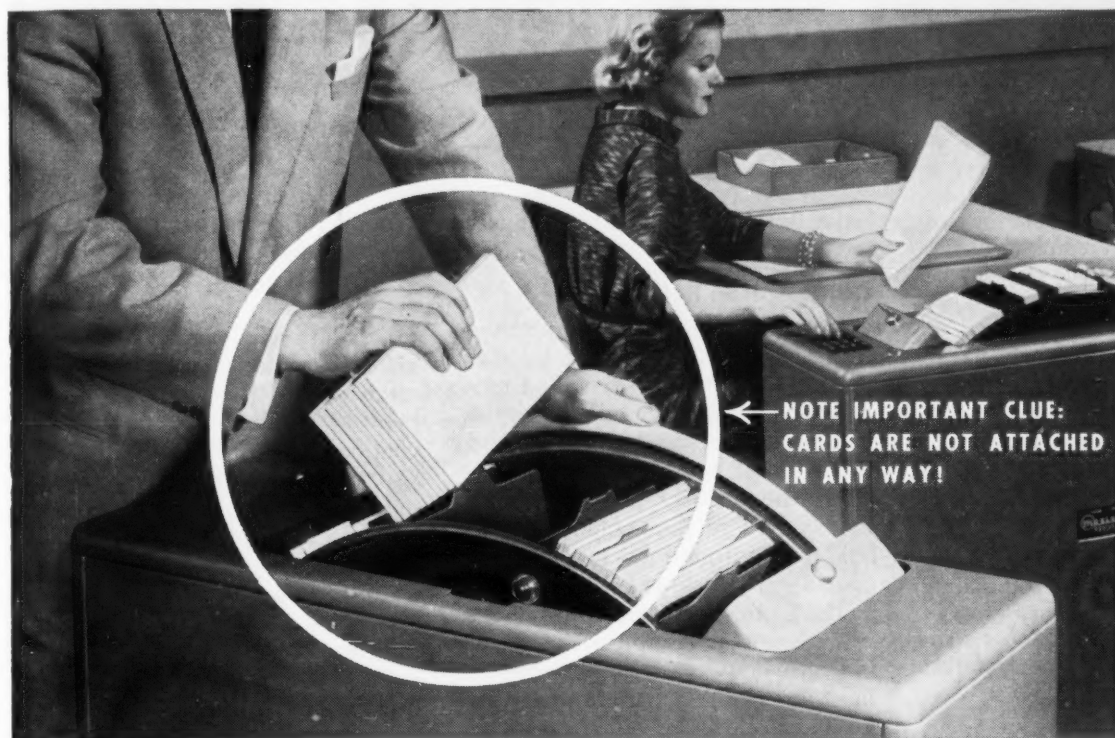
Weber

Mail for details on Weber Shipment Addressing Systems for automatic accounting systems. Weber Marking Systems, Mount Prospect, Ill.

Company.....
Individual.....
Address.....
City.....Zone....State.....

(Circle 632 for more information)

How much would you guess a Revo-File can save you the first 37 minutes in your office?



\$25.00



\$50.00



\$100.00

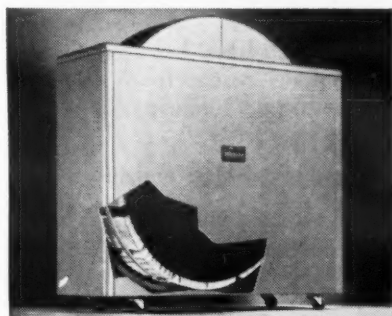


\$200.00



1. When you change from slow-poke, money-wasting card files to Revo-File, *no costly transposition is required.* No new cards. No key-hole punched cards. Just pick up your present cards by handfuls, drop 'em into a

Revo-File, and go to work! Revo-File is the *only* single-drum rotary card file of its type that lets you do this. It saves an average of \$200 in change-over costs... often much more! (Is \$200 what you guessed?)



2. No chance of losing cards! Revo-File has an exclusive, patented method of holding cards in drum without relying on holes punched in cards or other methods of attachment, which often cause wear, mutilation, and eventual "fall out" of cards from drum into base of file (No trapdoor needed in Revo-File.)



3. No limits on work speed! Since cards are not attached, one or hundreds can be removed and re-filed instantly. Easy to place Revo-File in most comfortable working position for any clerk. Cards *come to her*, not vice versa. All standard and most off-standard sizes accommodated. Manual and automatic electric selector models.



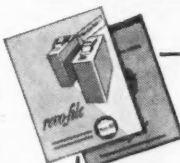
For big-volume card-filing! The new Mosler Roto-File can accommodate more than 80,000 cards. Has all the exclusive features of Revo-File... on a bigger scale. Electrically controlled drums rotate independently—*several* clerks can work at same time.

If you have 3,000 or more active cards which are used continuously for reference and posting, mail coupon, today!

revo-file

Another fine product of

The **Mosler Safe Company** Since 1848



Revo-File, Roto-File Div. • The Mosler Safe Company, Dept. MM-48, 320 Fifth Ave., New York 1, N.Y.

Please send me complete information about (check items you wish):

☐ Mosler Revo-File, world's finest rotary card file. ☐ Mosler Automatic Electric Selector Revo-File. ☐ New Mosler Roto-File for volume card-filing applications.

NAME _____ POSITION _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

(Circle 599 for more information)

OCTOBER 1956

59

Hidden factors in worker productivity

EDITOR'S NOTE: Unfortunately much of the social research in human behavior is being done by groups working independently of each other. Significant facts are often buried; in addition, many researchers are reluctant to have their findings "popularized" by untrained observers who may distort them. For these reasons, we arranged with Dr. Donald A. Laird, an industrial psychologist, to compile a series of authoritative yet understandable articles based on human research studies. This is the last article in the series. Dr. Laird is formerly head of the Psychology Department of Colgate Psychological Laboratory, and director of the Ayer Foundation for Consumer Analysis.

The steady gains American business has made in productivity have been a notable achievement. Each year since around 1900, when the first adequate records were available, there has been an average increase of from 2 to 3% in output-per-worker-hour.

Not all companies have experienced these increases.

The records of 22 firms making heavy machinery were analyzed for a 10-year period by the U.S. Bureau of Labor Statistics. Half of these firms *slipped* in productivity during that period—one by as much as 20%. The other half gained in productivity—one by a whopping 70 per cent.

The nationwide average increase is credited partly to improved production equipment, and to more electrical horsepower. The productivity gains have been most spectacular in industries which have developed automatic equipment: cigaret and cigar making, for example. There have been negligible gains, however, in the machine shop industries where methods

have not been radically changed. (8, Chapters 1,2)

Output often held down

How much of the gain in productivity has been due to greater will to work by the workers? The records show that by and large the workers themselves have not upped their output.

At the present time approximately half of blue-collar workers hold their output down to what they consider a "reasonable" amount.

The figures for white-collar workers are not as complete. They do indicate, however, that perhaps one in four white-collar workers is guilty of putting a ceiling on his or her output.

It is not possible to do more than guess whether this "stretching out" of jobs is better or worse than it used to be. The problem for the here and now is to make *gains* in productivity by developing a little more eagerness to produce among the rank and file. (3)

A company may undertake any of a number of financial incentive plans as a means of perking up employees' eagerness to produce. Sometimes these plans do produce results. But often they don't, and when they don't, the company often finds it has a white elephant on its hands—an ineffective program that it dares not discontinue because of the risk that output may then actually decline.

Same incentive—varied result

The real puzzler is when an incentive produces results in one department but not in another parallel department of the same firm. In the offices of one of the world's largest corporations, for instance, several dozen sections did identical operations, and presumably the incentives were the same. But the most productive sections turned out

around 10% more than the least productive ones.

A solution to this puzzle is emerging from the researches of industrial psychologists and sociologists. These are showing that the motivation to produce does not depend as much upon any single incentive as it does upon the *total* situation in which the crew is working. This means that the modern manager has to do more than install an incentive plan; he has also to keep tabs on various factors in the total work situation that will enable the incentive plan to motivate the employee to greater pride in productivity.

These researches are uncovering many hidden factors—hidden jokers or wild deuces—for which management needs to be on the alert. On the opposite page are thumb-nail summaries of some of these hidden factors which have been confirmed by adequate research. We'll start with the big problem: pride in productivity.

Sources worth reading:

- (1) Back, K. W.: "Influence through social communication," *Journal of Abnormal & Social Psychology*, 1951, Vol. 46, pp. 9-23.
- (2) Berkowitz, L. & Levy, B. I.: "Pride in group performance" and group task motivation," *American Psychologist*, 1956, Vol. 11, p. 395.
- (3) Collins, O., et al.: "Restriction of output and social cleavage in industry," *Applied Anthropology*, 1946, Vol. 5, pp. 1-14.
- (4) Katz, D., et al.: "Productivity, Supervision and Morale in an Office Situation." Ann Arbor: University of Michigan Press. 1950.
- (5) Katz, D., et al.: "Productivity, Supervision and Morale Among Railroad Workers." Ann Arbor: University of Michigan Press. 1951.
- (6) Katz, D. & Kahn, R. L.: "Some recent findings in human relations research." Ann Arbor: Institute for Social Research, Publ. JJ-11, 1952.
- (7) Laird, D. A. & E. C.: "New Psychology for Leadership." N. Y.: McGraw-Hill Book Co. 1956.
- (8) Laird, D. A. & E. C.: "Practical Business Psychology, Revised Ed." McGraw-Hill Book Co. 1956.
- (9) Morse, N. C.: "Satisfactions in the White-Collar Job." Ann Arbor: University of Michigan Press. 1953.
- (10) Riesman, D.: "The Lonely Crowd." New Haven: Yale University Press. 1950.
- (11) Walker, C. R. & Guest, R. H.: "The Man on the Assembly Line." Cambridge: Harvard University Press. 1952.

1. Pride in group productivity

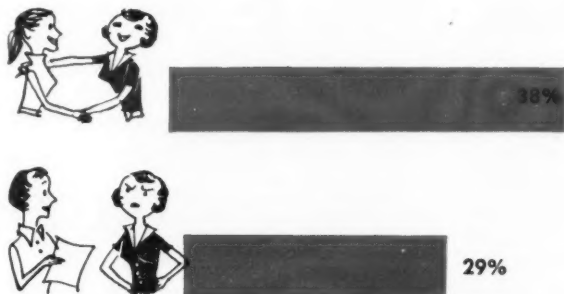


Workers' pride in the productivity of their work groups gives an over-all index of motivation to produce. The chart shows a situation that existed among employees of a railroad and office workers in a large financial institution. Pay, fringes, and other conventional incentives were the same in all railroad gangs and office sections. Yet pride in productivity differed from group to group. (4, 5, 9)

These records are for semi-skilled workers. Other reports have shown that a larger share of skilled workers have group output pride. But even here, low pride is not uncommon.

Management should give top priority to building pride in group productivity. The other cartoons on this page reveal hidden factors that must be reckoned with in reaching this objective.

3. When workers made minor decisions

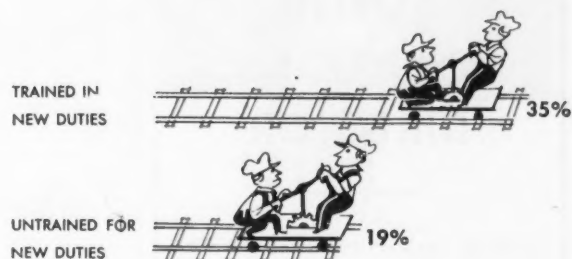


In certain offices, girls often needed extra help to get a job out on time. In some of the offices, the girls themselves selected their own partners; in others the manager made the selections.

This relatively minor decision-making opportunity produced considerable difference in the total work situation, and was significantly tied in with higher pride in output. (4, 9) Clerks in the high output offices were more willing to help each other, probably because the arrangement permitted them to be chosen, rather than just assigned.

Three-quarters of the clerks wanted to make more of such minor decisions related to their work. It has been found in practically all levels of work that taking part in planning some of the work detail increases motivation for pride in output.

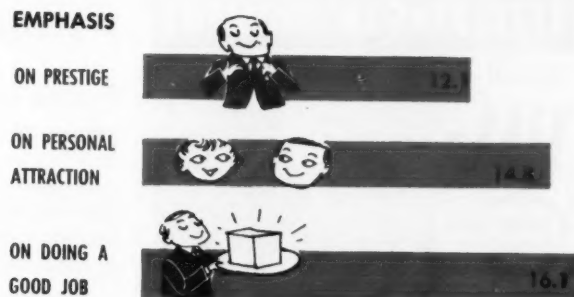
2. Workers taught new job details



In a case study, railroad laborers who were taught new job details tended to be high producers even though they realized they had little chance for promotion. The extra eagerness to produce came partly from the added variety of new details. It may also have resulted from the personal attention received from the boss. Numerous researches emphasize the value of such personal attention and of job variety—two hidden factors that increase both a worker's pride in output and his actual output. (11)

Low producers were more likely to feel accomplishment when a given task was completed, while high producers tended to get less "kick" out of a completed job. This suggests value in focusing worker attention on job goals that lie ahead, rather than on jobs successfully completed.

4. When good performance was emphasized



Goals mentioned at the start of a job often steer work motivation, as shown by a research at MIT.

Three groups were assigned the same work, requiring close teamwork. One group had the group prestige factor emphasized before the work was begun. Another group was told that what counted was doing a good job. Workers in the third group were told they were assigned to a congenial team.

There was considerable difference in output. The group where a good job had been emphasized produced a third more than the prestige-motivated group, with the personal attraction-motivated group in between.

The test shows that orientation given workers at the beginning of a job is an important part of the total work situation.

POSITION WANTED AS
**PUBLIC
RELATIONS
DIRECTOR**

Editor of national business magazine desires position as Public Relations Director for expanding company in New York City. Diversified editorial, public relations, and business background.

FOR FURTHER INFORMATION WRITE TO

Letter Box 3A
729 Third Avenue
NEW YORK 17, NEW YORK

**You don't have to be an
artist to use a**

**VARiGRAPH
LETTERING INSTRUMENT**

small
BIG
VOGUE
Caslon
BODONI
WH
Scripts Casual



LETTERS EXACT SIZE TO
FIT YOUR JOB


After only a few minutes of practice, anyone can do crisp, professional hand lettering with a Varigraph. All you do is move a stylus along the letters in a grooved templet. Work is always clearly visible. More than 600 variations in size and shape of letters may be produced from one templet—126 templets and lettering styles. Letter with either pen or pencil. Letter directly on paper offset plates. Varigraph is built to watchmakers' precision, and guaranteed to deliver a long life of service. It will pay for itself many times over in a short time.

Write Dept. M1 today for a FREE Trial
VARIGRAPH CO., INC., Madison 1, Wis.
(Circle 653 for more information)

thought starters

Thought Starters deal with "practical solutions to administrative problems." The Editor invites contributions—which are paid for at our normal space rates.

SEMINAR

thought  starter

**Four-week management conference
begins October 22 in Pittsburgh**

Methods Engineering Council's four-week (Oct. 22-Nov. 16) integrated training program in over-all management concepts and controls will be held at the specially constructed MEC conference headquarters in Pittsburgh.

Purpose is to provide middle management, second-line administrators and junior executives with knowledge of management functions other than their own specialty.

In addition to such topics as "How to organize and administer," the program emphasizes the study of new management techniques: linear programming, use of breakeven charts, and others.

For details, circle number 695 on the Reader Service Card.

SYSTEMS

thought  starter

**Pressure sensitive labels
reduce premium collection costs**

A New York insurance company has developed the use of pressure-sensitive labels to reduce the cost of handling premium collections by as much as \$1 a year per policy holder.



The Postal Life Insurance Company employs the system in which policyholders send monthly payments to the company. Previously, it was necessary for the company to mail a premium notice to each of its 6000 policyholders every month, and then wait for them to be returned.

Under their new plan, Postal Life simply provides the customer with an annual coupon book at the time a policy is purchased. Each of the book's 12 premium payment coupons contains the premium amount, loan interest, dividends and other pertinent data.

A sheet of 12 pressure-sensitive labels, imprinted with the company's return address, is incorporated in the coupon book. All the policyholder has to do is to remove the monthly coupon, apply a label to a plain envelope, and enclose the check or money order.

The system is reducing Postal Life's billing from 72,000 to 6000 units per year, and the company estimates that annual savings in tabulating time, clerical handling, material costs, and postage is approximately \$1 per policyholder.

For more information, circle number 688 on the Reader Service Card.

CLERICAL

thought  starter

**Automatic typewriter
reduces proof-reading**

A Washington title insurance company uses the automatic typewriter in the preparation of its insurance policies, where no two are alike. The machine reduces the amount of proof-reading required.

Twenty-eight of the most commonly used clauses have been punched into the machine's tape, using all but two of the selector buttons. These last two have pre-selected combinations.

The policy-writer indicates the



Are Your Files Showing?



Ever watch someone searching in a messy file drawer for a letter or folder? Ever do it yourself? Takes time. Frays tempers. Costs money.

Why not have your files in a condition you'll be proud to show? Acco-binding is the answer. Put your letters, invoices, contracts, orders—all your papers—in Accobind Folders. They'll be safely filed—where you want them—until you want them. And your files will be neat, orderly, efficient. Accobind folders also save considerable space in filing cabinets. Your stationer will be glad to show you the features of Accobind Folders, (all sizes and 5 colors), and other Acco products. Ask him.

ACCO PRODUCTS, Inc.
Ogdensburg, N. Y.

In Canada: Acco Canadian Co., Ltd., Toronto

(Circle 554 for more information)



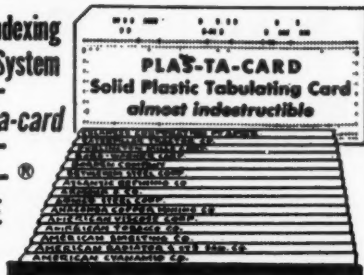
HEAR YE! HEAR YE!
HEAR YE! HEAR YE!
All Tabulating Folk

FIRST AGAIN by WASELL

Self Indexing
Card System

Plas-ta-card

SELF-
GUIDE



PATENTED
Self-Guides go thru Tabulating Machines—No guides to remove! No guides to replace! Make your tab cards as fast as the fastest card file.

**Effective Tools for
Effective Management**

WASELL ORGANIZATION, INC.
Westport, Conn.

Please send free booklet on SELF-GUIDE

Name

Company

Address

City State MM

(Circle 651 for more information)

numbers of the clauses he wishes to include, with any inserts jotted down in systematic order. When it reaches the typist, she inserts the form, and the machine automatically types the clauses she selects. If an insert is required, the machine will automatically stop to allow the typist to put the figures in by hand, and then continue with the rest of the clause.

To obtain uniformity, all typewriters in this division are of the same make, are adjusted to give uniform stroke, and the ribbons are even changed simultaneously on a regular schedule.

The policies are proofread after being completely typed, and this is the step at which greatest savings are made. The clauses which have been handled by the automatic machine do not have to be checked. These key clauses must be read only for the inserted data.

Using the old procedure, three girls prepared a total of 500 policies a month, and were rather pushed to keep up with the work. Even though the workload is increasing, the same three typists are keeping ahead of the job, with plenty of time left.

MORALE

thought starter

Product endurance test sparks worker interest

One company reports stimulation of worker interest in its products through a company-wide lottery based on a routine endurance test.

Hydro-Aire, Inc. of Burbank, Calif. was developing a new fuel booster and transfer pump for jet fighters. To be considered successful, the pump would have to be run in the plant under actual operating conditions for 1,200 consecutive hours. After the test was started, each of the 1,000 employees was issued three numbers representing 20-minute segments, from 525 hours to 1,300 hours. When the pump finally stopped, the holder of the winning number received a \$500 savings bond.

When the numbers were distributed, bulletins were also passed out explaining the test and its significance to all employees. Posters were placed throughout the plant and



ACCOUNTING

BY

Electronic Longhand

- PRODUCTION CONTROL
- ACCOUNTING
- SALES ORDERS
- QUALITY CONTROL
- TRANSPORTATION
- MAINTENANCE
- MATERIAL CONTROL
- CENTRAL FILES

ACCOUNTING demands quick, positive facilities for written communication. The TelAutograph Telescriber System of ELECTRONIC LONGHAND makes it quick and easy for the Sales Department to get credit information or approval, cost estimates, shipping schedules and delivery dates instantly and in writing. Management gets quick, written reports on production costs, sales totals, inventory values and budgeted expenditures. "Saying it in writing" by ELECTRONIC LONGHAND avoids verbal misunderstandings... reduces paper work. Send for full details, mailed to you.

TelAutograph*
CORPORATION

1128 Crenshaw Blvd.
Los Angeles 19, Calif. • Dept. A56-B
Please send brochure on use of
TelAutograph in my business.

Name Position

Company

Street City

County State

Type of Business

*Trademark Reg. U.S. Pat. Off.

(Circle 627 for more information)

Don't walk... *talk!*



New Executone intercom saves steps, increases output, cuts costs!

Executone Intercom changes walking time to working time—gives you more working minutes per hour. Result? More work can be handled faster, more efficiently, by the same employees!

Snarled, overloaded switchboards are relieved; hard-to-locate employees are quickly found; instant, crystal-clear, voice-to-voice contact between departments ends wasteful walking. You get more work done faster—at lower cost!

And because the new Executone has "built-in-courtesy," each call is announced by a soft chime and signal light. It never interrupts, can't eavesdrop. Handset feature available for confidential use.

Thousands of firms, large and small, found Executone works business miracles... quickly pays for itself many times over. Learn how Executone can save money and time for you. Mail the coupon now. There's no obligation.

NEW *Executone*

INTERCOM AND
SOUND SYSTEMS

EXECUTONE, Inc., Dept. N-4, 415 Lexington Ave., New York 17, N. Y.
It sounds interesting. Send me the following—at no cost or obligation:

Information on:

- ☐ Switchboard Relief
- ☐ Inter-Office & Plant Communication
- ☐ Locating Personnel
- ☐ High Noise Level Coverage

Name _____
Firm _____
Address _____
City _____

In Canada—331 Bartlett Ave., Toronto

(Circle 650 for more information)

twice a day latest total of the pump's elapsed running time was announced over the PA system.

Result: the test became a prime topic of employee interest and most workers became familiar with all phases of its operation.

SAFES

thought starter

Free device tests fire risk to records

A device called a "risk detector" enables businessmen to determine how much fire protection a safe affords to vital records. The detector consists of a 12-item questionnaire that can be readily answered with "yes," "no" or "don't know" in two to five minutes.

After the questions are answered, a punched-out form is folded over the questionnaire; marked answers showing through are identified as either major or minor danger areas. For example, one question asks: "Will the door of your safe close if you put a pencil in any of the three jams?" A "no" answer signals danger and the risk detector explains why.

For a free copy of the risk detector, circle number 691 on the Reader Service Card.

INSURANCE

thought starter

Insurance simplified for office equipment

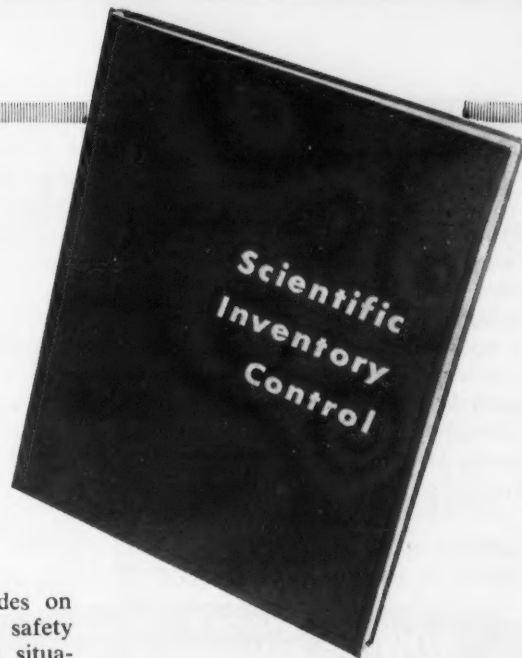
A new streamlined insurance policy covers office furniture, fixtures, business machines and supplies in one simple policy with protection against many possible sources of damage. This new form of insurance makes it unnecessary to specify fire insurance, windstorm, vandalism or the other coverages previously applicable. It can replace as many as five policies.

The policy also includes, at low cost, many items of protection not previously available, or economically prohibitive. A policy in the amount of \$10,000 costs approximately \$12.50 a year more than the cost of fire and extended coverage. For this \$12.50, the policyholder obtains protection against burglary,

MANAGEMENT METHODS

SLASH THE COST OF CARRYING INVENTORY

with this remarkable "how-to" book



**The first book on scientific inventory control written
for the practical operating man**

HERE IS THE FIRST and only book on *mathematical inventory control* written for the man who must do the job himself. It is not a text book—nor is it a theoretical study. Instead, it plunges directly into the heart of your problem—HOW MUCH to make or buy, and WHEN to make or buy it.

Scientific Inventory Control shows how modern business mathematics can give you the answers to these questions—but you don't have to be a mathematician to read and use this handbook. 86 easy-to-understand tables and figures "lead you by the hand" through proved-in-use formulas that are now being used to control inventory in dozens of well-managed firms.

You will find valuable guides on how to establish the proper safety margins to avoid out-of-stock situations . . . how to evaluate the quality of lead-time data . . . how to compute order quantities when usage is variable . . . how to handle the quantity discount problem . . . how to make a scientific inventory study. And you'll understand the practical language because *Scientific Inventory Control* was written by a practical operating man—Evert Welch, Director of Procurement, Aeronautical Division of Minneapolis-Honeywell.

Don't pay unless you're satisfied

You can prove to your own satisfaction that this new book will save you

money—without risking a cent. Glance at the table of contents below. If the subject matter seems to fit your firm's problems, fill in the coupon below or the order card bound into this issue of *MANAGEMENT METHODS*. We will send you your copy of *Scientific Inventory Control* promptly. Examine the volume for 5 days, test out a few of its formulas, satisfy yourself that you can use it profitably to reduce inventory levels. Then, if you are completely satisfied, send us a check for \$12.50. Otherwise, return the book without obligation.

Reconciles the conflict between production and procurement

You've heard the argument between production and purchasing men.

The purchasing department says: "Why can't we buy in larger quantities . . . why must the requisitions for the same item be placed repetitively?"

The production department says: "Why can't Purchasing understand that inventories cost money . . . that profits result from inventory turnover?"

Scientific Inventory Control will reconcile these two points of view in the only positive, practical way—with mathematical proof that can be readily understood and applied to standard material items as well as items subject to frequent change.

TABLE OF CONTENTS

Chapter I—introduction to scientific inventory control Why formulas are advantageous in the determinations that create inventory, and why the usual approaches may fail.

Chapter II—distribution-by-value in inventory How to analyze inventory in terms of relative annual usage to properly allocate emphasis to various parts.

Chapter III—working and safety stocks How to identify the two segments of any inventory: stock for usage and protection against stockout.

Chapter IV—an initial approach to the order quantity decision How to make cost reductions in working inventory without making the usual cost studies of carrying inventory or order placement.

Chapter V—the usual approach to scientific order quantity formulas How to derive the standard formulas from cost data and how to determine the proper values for that data.

Chapter VI—order quantity formulas, tables, graphs, nom-

ographs and rules How to make and use a large variety of tools for order quantity determination.

Chapter VII—order quantity formulas under variable unit costs or quantity discounts How to modify order quantity decisions where there are tooling or setup charges or where the price changes at fixed quantity discount points.

Chapter VIII—order quantity formulas under variable usage How to use order formulas where the projected usage is a variable.

Chapter IX—order quantity and the electronic computer How the computer of the future will make analyses.

Chapter X—scientific order quantity summarized How to anticipate some problems of scientific order formula.

Chapter XI—an introduction to scientific reorder point theory Why the reorder point decision is important in inventory and how it creates a buffer stock for the reduction of inventory failures.

Chapter XII—The importance of leadtime in the reorder point problem How to evaluate leadtime data in the determination of reorder points.

Chapter XIII—the importance of usage in the reorder point problem How to evaluate usage data in the determination of reorder points.

Chapter XIV—The importance of order frequency in the reorder point problem Why stock failures as a percentage of the number of orders is

only a partial answer to satisfactory inventory performance.

Chapter XV—safety stock formulas and applications How to prepare a formula for manual or data computer use and for over-all improvement of inventory performance.

Chapter XVI—making an inventory study How to make use of scientific principles in a typical application to a simple inventory.

Management Publishing Corp.
22 West Putnam Avenue, Greenwich, Connecticut

Please send me a free-examination copy of *SCIENTIFIC INVENTORY CONTROL*. At the end of 5 days, I will either return the book, or send you, \$12.50.

Name

Title

Firm Name

Street Address

City & State

Bill me..... Bill my company.....

damage by thieves, falling objects, vandalism, collapse, leakage from fire protection sprinkler systems, as well as less probable, but potentially disastrous perils.

Ten per cent of the policy amount applies to goods in transit, a further broadening of previous contracts. The Special Office Policy will also insure improvements made by the assured in rented locations, money or currency up to \$250 and personal property of employees.

Any office is eligible for the new

Special Office Policy except one on the premises of an allied manufacturing or merchandising operation. Branch sales locations, law, insurance, loan, real estate, advertising, or similar offices all come under the scope of the policy. The single location can be insured individually or, for the convenience of larger corporations, one policy can insure many offices with one blanket amount of insurance.

For more information, circle number 690 on the Reader Service Card.

NOW ... ANYONE can do PROFESSIONAL QUALITY PLASTICO BINDING!

with these HAND-OPERATED

PLASTICO

PUNCHING & BINDING UNITS



Model 24 Punching Unit
Precision-punches pages fast and easy with powerful SHEARING ACTION!

Model 24 Binding Unit
Just insert cover and pages ... pull lever ... it's PLASTICO-BOUND!

Imagine
being able to produce genuine PLASTICO-bound booklets, catalogs, etc. — right in your own office! Single copies ... dozens ... hundreds — these two handy machines will give your literature extra prestige and selling power by adding colorful PLASTICO Bindings. Rugged, compact, and easy to use, PLASTICO hand-operated units are "at home" in every office or business — pay for themselves in savings of time and binding costs.

Exclusive ARCH DESIGN
for added strength and beauty

FREE Colorful 8-page booklet tells you how to get more out of your printed literature. Fill out and mail this coupon TODAY!

PLASTIC BINDING CORPORATION
Originators of Plastic Binding in America
732 Sherman St., Chicago 5, Ill. • 15 West 24th St., New York 10, N. Y.

PLASTIC BINDING CORPORATION
Dept. MM 732 Sherman St., Chicago, 5 Illinois

Please rush **FREE BOOKLET** giving me full information about the new PLASTICO Hand-Operated Punching and Binding Units for office use.

Name _____ Title _____
Firm _____
Address _____
City _____ Zone _____ State _____

FREE BOOKLET

SEE OUR DISPLAY AT THE NATIONAL BUSINESS SHOW, NEW YORK COLISEUM
(Circle 613 for more information)

INVENTORY *thought starter*

Order point calculator improves inventory control

A new production and inventory control order point calculator is designed to improve managerial control over the placement of purchasing and manufacturing orders.

Using an accredited formula, the calculator tells "when to order." Exact order points for any stock



item are established without the unwieldy computations usually associated with the formula. The calculator indicates the minimum stock level at which a replenishing order must be issued for each item.

For more information, circle number 689 on the Reader Service Card.

FACTORY *thought starter*

Factory production can be set up in 29 minutes


Starting from a bare floor, a complete manufacturing operation, including lighting, power facilities, and work positions, was completely set up in 29 minutes in a demonstration recently held for the Eastern Seaboard Defense Mobilization Council.

Because of the standard components, unitized building block type construction, factories can be set up, *even in a tent*, if necessary, by moving in a portable generator, *complete power facilities and communications control*. The equipment used has its own lighting units, work transfer elements, and conveyor transports.

For more information, circle number 687 on the Reader Service Card.

MANAGEMENT METHODS

EXECUTIVE

thought  starter

New literature of interest to management

FREE BOOKLET OUTLINES SERVICE AWARD PLANS

Service awards for your employees are builders of good-will within and outside your company. According to the booklet, "How to get the most from an Employee Award Program," benefits other than good-will accrue: management enjoys personal satisfaction, and company-wide morale is boosted. The booklet outlines a service award plan, and details the benefits.

For a free copy, circle number 694 on the Reader Service Card.

WORK PLANNING GUIDE FOR BUILDING MAINTENANCE ANNOUNCED

A new work planning guide provides a methodical, orderly system for scheduling day-to-day work of the maintenance crew. It is suitable for use in buildings of all types and sizes, wherever there is a maintenance operation large enough to require services of one or more men. It helps to utilize more efficiently existing manpower and equipment in housekeeping. The guide also contains tips on maintenance methods for various kinds of floors, and suggestions for proper care of equipment.

For a free copy, circle number 686 on the Reader Service Card.

UNIVERSAL LIGHTING DESCRIBED IN NEW BOOKLET

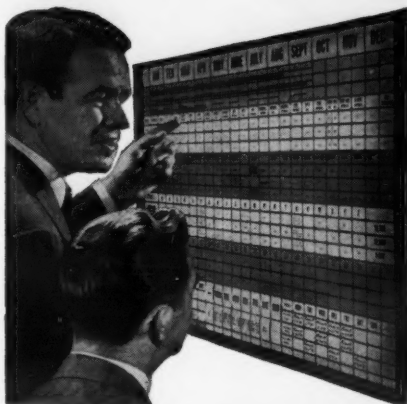
A new booklet describes the universal applications of a system of wall-to-wall lighting. The brochure details the advantages and uses of this lighting system which features three-way functional treatment of sight, sound, and styling.

Sections are devoted to the two versatile suspension systems—the vari-space method which is completely flexible, and the uni-space system designed for standardized arrangement of ceiling fixtures.

The booklet also provides installation instructions, describes special design situations, and explains how the lighting system may be installed along with other service systems.

For a free copy, circle number 683 on the Reader Service Card.

You See What's Happening



BOARDMASTER VISUAL CONTROL
Graphic Picture of your operations--spotlighted in color. You see what is happening. Saves you time, prevents errors. Simple and Flexible. Easy to operate. Write on cards and snap in grooves. Ideal for Production, Sales, Scheduling, Etc. Made of metal.

Full Price \$49.50 with cards

FREE 24-Page BOOKLET NO. M-300 Without Obligation

Write for Your Copy Today

GRAPHIC SYSTEMS

55 West 42nd St. • New York 36, N.Y.

(Circle 639 for more information)

LEARN TO APPLY ELECTRONIC COMPUTERS IN BUSINESS

Electronic Computers are processing more and more accounting functions daily. New Systems and Procedures are required. Are you prepared to gain from the opportunities offered in this new field?

BUSINESS ELECTRONICS

can help you prepare with a Home Study Course designed to teach **PROGRAMMING FOR BUSINESS COMPUTERS**. BE's workshop method gives you practical experience in programming business problems such as Payrolls, Accounts Receivable, Inventory, etc.

Write today for free details.

BUSINESS ELECTRONICS INC.

Division of Education

Box 3330 Rincon Annex
San Francisco, Calif.

(Circle 642 for more information)

NOW! FREE!

BEAUTIFULLY ILLUSTRATED
RECORD FILES
STEEL FILE CATALOG



AND
A SIMPLIFIED
**RECORD RETENTION
SCHEDULE**

Our new catalog depicts the many files and accessories which we manufacture. Products which have become accepted as the finest . . . combining style, construction and performance with quality.

- Which records can safely be discarded? Are they valueless records which use space that could be used for profit making production, or are they vital to the success of your business?
- This booklet is an invaluable guide to your record retention program.

RECORD FILES, INC. • WOOSTER, OHIO

SEND ME

- ☐ ILLUSTRATED 24-PAGE COMPLETE FILE CATALOG.
☐ SIMPLIFIED RECORD RETENTION SCHEDULE.

NAME _____

ADDRESS _____

CITY _____

STATE _____

(Circle 635 for more information)



A Solution for Your Specific Business Form Problem!

Get an unbiased recommendation! Deal with a company that carries a complete line of business forms. Get *expert advice* from professional salesmen, with years of experience devising systems for many of America's leading business houses.

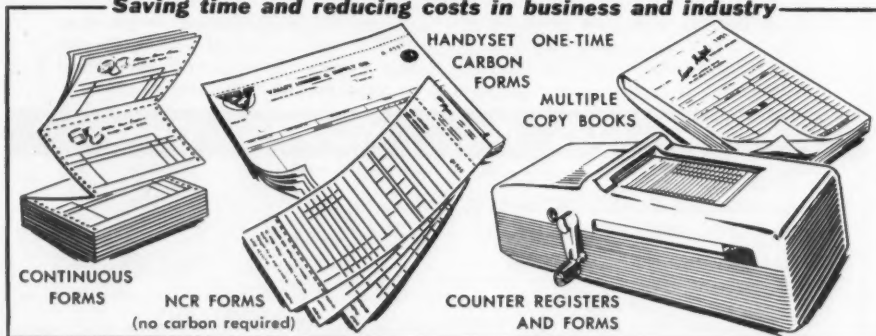
Yes . . . our salesmen are expert "system-planners." They'll help your operation by recommending the exact form necessary for trouble-free results. And because our line is *complete*, you get unbiased recommendations, excellent business form service for *any* need—when you *need* it!

Write *today* for unmistakable proof that we can help solve your business form problem. The Baltimore Business Forms Co., 3142 Frederick Avenue, Baltimore 29, Md.

The Baltimore Business Forms Company

(The Baltimore Salesbook Co.)

Saving time and reducing costs in business and industry



(Circle 560 for more information)

Rockwell diversification

(Continued from page 29)

● Will there be administrative problems due to an unbending attitude on the part of the former owners or managers?

● Must we take over long-term commitments to employees which are not compatible with the agreements we have with our own employees and officers?

● What will this mean in terms of human displacement?

Our basic decision on whether or not to consider making a purchase is made usually before *price* and terms are discussed. Many companies we won't buy at any price; some few, we would pay anything within reason to acquire. We won't go into situations merely because a property is available at a bargain price.

A case in point

It may be helpful, at this point, to trace the developments that led to one of our recent acquisitions.

A year or so prior to the conclusion of this particular transaction, a businessman with a rather detailed knowledge of our company affairs proposed that we meet with the owners of a business in the state of Kansas because of our common interests. The suggestion appeared to be sound, and we immediately began to make an evaluation of the company in terms of our established criteria.

First, the company was engaged in a field of interest to us. It was a large steel foundry with some of the most modern foundry and heavy machining facilities in the country. Although we weren't particularly interested in the steel

DIVERSIFICATION CHECK LIST

Before beginning negotiations for an acquisition, Rockwell Manufacturing Company thoroughly studies all phases of the other firm's operations. An extensive check list has been compiled as a guide for this evaluation. It covers some 70 items in financial, sales, labor, research and other areas. Copies are available to readers of *MANAGEMENT METHODS* by addressing the editor, or by circling No. 693 on the Reader Reply Card in the back of this issue.

MANAGEMENT METHODS

foundry business *per se*, we were interested on behalf of our Nordstrom Valve Division, which is a large user of steel castings. Our Edward Valves subsidiary similarly is a large user of steel castings. All of our castings were being purchased from outside suppliers. We concluded that a steel foundry operation of our own would be profitable, and would increase our efficiency.

Second, the plant was located in a part of the United States that appealed to us as a location for a new plant. In fact, we had for some time previous given thought to establishing a plant in this general area to supply mid-continent customers.

Third, the company had a young, aggressive management whose operating philosophies appeared, at least on the surface, to coincide with our own.

Another question, about which we then could only speculate, was whether the present owners would sell. It appeared to us that the factors that would cause them to sell—of course, at the right price and to the right people—were present. For one thing, this was a family-held company, and it's been our observation that the trend of merging family-held firms into larger and more diversified corporate structures is one founded on sound business reasons.

Our first meeting was just as much exploratory for the parties of the second part as it was for us. "After all," as one of the principals later summed up, "we were buying you as much as you were buying us." (This, in fact, was true, because the principal consideration in the purchase of this particular company was a substantial amount of Rockwell stock.)

We agreed at this point to exchange information. And we at Rockwell made the basic decision that this was indeed an opportunity that merited intensive investigation and deliberate evaluation.

During the next several months, various of our departments went into action on specific phases of the problem. Although we leaned heavily on our controller and others in the financial and accounting end of our company, we were just as interested to know if production operations of our two companies could be integrated—and if so, at how much of a saving? Our market

Your Two Old Friends Are Becoming One

To serve you better, The Todd Company, Inc. and Charles R. Hadley Company are merging after more than half a century of working individually with business and industry on the problems of *protection* and *control* of company funds. Pooling their vast experience and facilities means better, more comprehensive service for you.

Todd's unparalleled experience in producing Checks and Check Protection Equipment and Machines dovetails with Hadley's experience in producing Accounting Forms and Systems.

Ask any Todd-Hadley representative for any information you wish regarding these helpful products.



THE TODD COMPANY, INC.

Subsidiary of BURROUGHS CORPORATION

CHARLES R. HADLEY DIVISION

Rochester, N. Y. ★ Los Angeles, Calif.

Offices in principal cities • Consult your telephone directory

(Circle 657 for more information)



FREE: Handy desk or wall chart of Postal Rates, with parcel post map and zone finder.

Big hit... no errors!

- This precision-made PB scale makes a big hit on your mail desk — saves time, money, and postage.
- Its automatic pendulum mechanism registers instantly and accurately. The large, widely spaced markings can be read correctly at a glance.
- Prevents loss of postage through overweighing. Saves loss of good will (and mail delays) through underweighing, which results in annoying "postage dues."
- There are models for every office, large or small, including a parcel post scale of 70 lb. capacity. Ask the nearest PB office to demonstrate. Or write for free illustrated booklet.



PITNEY-BOWES Mailing Scales

PITNEY-BOWES, INC., 4587 Walnut St., Stamford, Conn.

Made by the originators of the postage meter . . . offices in 94 cities in U.S. and Canada
(Circle 610 for more information)

it takes a

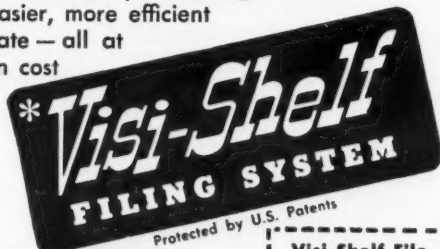
to SAVE FILING

★ space ★ time ★ money

Companies everywhere are gaining additional space with this new filing system that can double the capacity of your present filing department! Besides space-saving, filing is faster, easier, more efficient and more accurate — all at great economy in cost and operation.

**"TWICE AS
MANY
RECORDS IN
THE SAME SPACE"
or "SAME AMOUNT
OF RECORDS
IN HALF THE SPACE!"**

**Write Today for Free
Survey Questionnaire and
Terminal Digit Filing Manual**



Visi-Shelf File, Inc. MM-10
105 Reade Street New York 13, N. Y.
Please send the following:
...File Survey Form
...Manual on Terminal Digit Filing
...Catalog & Name of nearest distributor

Name _____
Firm Name _____
Address _____
City _____ Zone _____ State _____

(Circle 681 for more information)

research department analyzed the company's markets and its customers, and attempted to project the effect of a merger on the company's sales.

All the time, we were appraising the people with whom we were negotiating—and, if successful, with whom we would be doing business on the same side of the desk. Simultaneously, the other side of the negotiation was learning about Rockwell, and how they might fare as part of a larger corporate framework.

Our conclusions, based on every yardstick we could reasonably apply, were positive. We were agreed that this would be a worthwhile addition to our corporate family. The next steps were direct negotiation—and the benefits were sufficiently mutual to enable us to work out an arrangement acceptable to all.

Although many months were consumed in the investigation and negotiation of this particular acquisition, our diversification machinery can move much faster when need be. However, we subscribe strongly to the point of view that you lose less passing up a good deal than in trying to later unload one that's not working out.

Benefits of organized approach

By way of summing up, we believe that an organized approach to diversification has these advantages:

1. We are better able to control our own destinies. It puts us in a position to seek out opportunities that will not contribute to our corporate security, rather than have us sit back and wait for them to come knocking at our door.

2. By having a criteria and standards, not only established in advance but tried and proven through years of use, we are less likely to make the mistakes often attributed to a spur-of-the-moment opportunity.

3. With an organized screening procedure, we almost automatically are willing to listen to almost anyone's ideas. This does not mean that we're willing to spend large amounts of either time or money running down the impossible, but we start out with an open mind. In other words, we're willing to listen as long as we believe the proposition has merit for us. m/m

by William Ruder
and David Finn
Ruder & Finn, Inc.
New York, N. Y.

How to make your ANNUAL REPORT pay for itself

Before you start, you should know what it is you want your annual report to accomplish, and also how you will measure its success.

During the next few months companies will be spending hundreds of thousands of dollars on annual reports. How much reward will they reap from this huge investment? Results, of course, will vary. Some firms get high value; others do not.

The president of a medium-sized manufacturing concern in New Jersey was certain his last annual report would have a strong, favorable impact. It was a colorful, profusely illustrated booklet printed on expensive paper. The president had written most of the content himself. It was distributed last February to more than 1,000 stockholders and others. But since that time the company has received only three letters in which the annual report was directly mentioned.

Such experiences are disappointing but not uncommon. The public relations officer of an Oklahoma concern said recently: "Last year we spent hundreds of executive man-hours and thousands of dollars on our annual report . . . Now it appears that if we had completely skipped an annual report for a year, no one but the SEC and a few stockholders would have cared—or even noticed."

Yet, for most companies, the annual report should be one of the most effective tools of communication with the public—particularly certain specific publics. In all firms the report should be made to pay for itself, and often bring a multiple return.

Most companies go well beyond the legal requirements of publish-

ing basic financial data. Some that are not required by law to do so are publishing annual reports. Others publish special annual reports for employees. It has become a common practice to make the annual report the company "show piece." But being a "show piece" does not, in itself, mean a report is successful.

What's wrong with annual reports

The comment of a New York market analyst sheds light on one of the reasons many annual reports are ineffective. Says he: "In many of the annual reports I read, I get the decided impression that management is talking to itself rather than to its audience."

Taking reader interest for granted is probably one of the most harmful mistakes management can make. Witness the fact that so many annual reports are received with indifference and dropped almost immediately in the wastebasket. This is usually due to the fact that management has made no effort to capture and stimulate reader interest in what the report contains, or to provide the reader

with the kind of information he wants in the form that he wants it. With the audiences for annual reports becoming steadily larger and more varied, many companies do not know for sure what should be included or how it should be presented. Some don't take the trouble to find out.

Another major shortcoming is the lack of a central theme or idea that gives the over-all content purposeful significance and direction. This is often caused by the increased complexity of business organizations. A broader range of company aspects must be covered and thus more management people are called upon to help prepare the report. If this group effort is not carefully coordinated the result may be a disjointed hodge-podge.

In approaching the preparation of the annual report, management should ask itself: What do we want to accomplish? What should our objectives be in relation to our various publics?

Very often there is one overriding objective—the company's general health or stability. That, of course, simplifies matters. But before the annual report is begun,



ABOUT THE AUTHORS

William Ruder and David Finn founded the public relations firm of Ruder & Finn in 1948. It has since grown from a two-man operation to one of the six largest PR firms in the country, with 50 people at its headquarters and a network of representatives in over 190 cities.

new hand cleaner

protects that "just manicured" look

**FLOATS OUT
HECTOGRAPH,
RIBBON, CARBON,
INK STAINS—
GENTLY, SAFELY!**



Clean Hands gently removes stubborn office stains—including hectograph dye—without resorting to harsh abrasives and solvents. Your girls will thank you because it ends "chemical hands" and cracked cuticles . . . ends scrubbing, too!

When *Clean Hands* is applied before starting the office day, annoying stains can't set. Grimeiest grime rinses away effortlessly.



free sample Send for this free sample bottle. Just fill in and mail with your *company letterhead*.

COLUMBIA RIBBON & CARBON MFG. CO., Inc.
5910 Herb Hill Road, Glen Cove, N. Y.

Fill in and send with company letterhead.

Name _____
Company _____
Street _____
City _____ Zone _____ State _____

(Circle 564 for more information)

management should formulate the positive value it is trying to obtain. Only then is it possible to use the annual report as a functional tool of communication. Here are two examples of how this approach has been used successfully:

A company in the novelties field had been so successful in its sales efforts in the past year that it decided to become a sales organization and concentrate solely on marketing. It disposed of all its manufacturing plants and set about seeking new products to handle. However, the company was afraid the industry would take this development as a sign of weakness, not of strength. So its annual report concentrated on getting across the message of the company to the investors, to the people from whom it bought its products, to its salesmen, to its employees. What better instrument to meet the problem?

Another concern was worried about growing rumors that it was losing out in a fiercely competitive situation and that its ultimate security was being threatened. The company did face a problem, but was more than holding its own and was actually strengthening its position in the market. The rumors were convincingly counteracted by the annual report.

Setting success criteria

In starting to work on an annual report it is necessary not only to find out what you want to do; you should also know how you will be able to *test* whether the report successfully conveys the message for which it is intended.

This can be decided on an individual basis by different department heads. In one instance, the sales manager of a certain concern asked all his salesmen to query customers on what they thought about the annual report. And he went a step further: he told each salesman to ask his customers if they were aware that the company had become the largest producer of its product in the country—a point emphasized in the annual report. In this way, the impact of the report was assessed, and also it helped make the salesmen, themselves, aware of the basic message in the annual report, as well as its effectiveness as a sales tool.

This sort of testing can be car-

ried to much greater lengths. We know of one company that retained a psychological research organization in the middle of the year—six months before the annual report was scheduled to appear—to conduct 50 depth interviews among members of different publics. The purpose was to determine their general impression of the company. Using the findings of the interviews as a basis, the report was designed specifically to correct the misconceptions that seemed to be current and to highlight the important factors of the company's growth that did not seem to be generally understood. Following the publication of the report, the same organization made another depth survey, this time of a new set of 50 persons in the same groups to ascertain whether and how efficiently the report had done its job.

In this particular case, the investment in the research studies was considered well worthwhile, in view of the positive results of the concluding investigation. The fact that a company can and will go to such lengths indicates how important the annual report can be in an over-all public relations program.

Multiple value

It may often be very difficult to have one report do the best job for every department in a company. Sometimes the interest or objective of one department will not coincide with that of another. One department may want a more elaborate annual report to impress customers; another will insist on a more conservative approach in order to impress stockholders with the fact that the company is holding down on expenditures. But there are different techniques that can help widen the effect of an annual report. For instance:

The General Motors annual report, in Figure 1 (next page), is a classic example of communication with customers. In addition to financial information, facts about engineering advances and so on, it contains a series of pages with appealing illustrations and descriptions of G.M.'s major products. These pages are designed to help support the financial information, but they also help to sell cars and refrigerators. The significance

A Webster product for every duplicating need

The F. S. Webster Company, one of America's leading carbon and ribbon manufacturers, is an important supplier of duplicating materials for modern office machines. A half-century of experience in the field enables Webster to bring skill and ingenuity to the production of these tailor-made products. A few of these — and the machines they supply — are listed below:

CARBON PAPERS — For use on all makes of typewriters. Weights and finishes for specific typing requirements. Sizes for unusual job requirements.

TYPEWRITER RIBBONS — in cotton, silk and nylon quality are available in a wide variety of colors for all standard, electric and portable makes. Also carbon ribbons for executive and offset duplicating requirements.

OFFICE MACHINE RIBBONS — *Adding machine ribbons* for most makes. *IBM Tabulating Ribbons* of all types. *Billing, Posting Machine Ribbons* for Elliott-Fisher, IBM, Sundstrand, National Cash Register and others. Also *Ribbons* for addressing, time recording and teletype machines as well as for all hectograph requirements.

ACCESSORIES — Hand cleaners, type cleaners, instrument oil, duplicating fluids and manifold tissue.



F. S. WEBSTER COMPANY, 10 Amherst St., Cambridge 42, Mass.
Factory branches in Chicago, Detroit, Philadelphia, Pittsburgh, San Francisco,
New York and Cambridge

(Circle 633 for more information)



PAYCHECK "OUTLOOK" ENVELOPES

Eliminate Time and Expense of Addressing, also chances for Errors. Paycheck "Outlook" Envelopes are absolutely opaque. Essential when wages are paid by check. Nothing shows but the employee's name. This improves personnel relations.

WRITE TODAY!



Send for Samples and Prices Today

OUTLOOK ENVELOPE CO., Est. 1902

Originators of "Outlook" Envelopes
1001 W. Washington Blvd., Chicago 7, Illinois

(Circle 605 for more information)

For those you want to remember . . .



... the gift they'll never forget!
Pfaelzer STEAKS

3 PFAELZER STEAK GIFTS for your list.
Gift 2b

12 Pfaelzer Steaks (8 Filet Mignon, 4 Jumbo Boneless Sirloin) approx. 1 1/4" thick.

\$30.00

Order TODAY! Orders acknowledged promptly.

Also available:
Gift 2: Box of 16 Filet Mignons, approx. 1 1/4" thick \$30.00
Gift 1: Box of 8 Jumbo Boneless sirloin, approx. 1 1/4" thick..... \$30.00

All orders shipped R.R. express PREPAID! Card enclosed. 10 or more boxes earn 2% discount. All prices subject to change.



Pfaelzer Brothers, Inc.

Dept. M-2 • Union Stock Yards • Chicago 9, Ill.

(Circle 608 for more information)

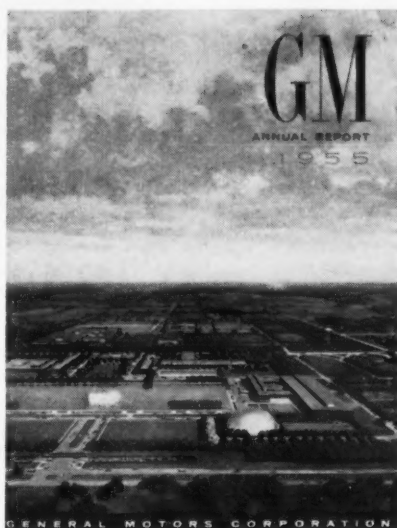


Figure 1

here, of course, is that almost anyone who is interested in General Motors' finances also is a potential customer for one or more of the company's products.

Citizens & Southern National Bank's annual report stressed the bank-local community relations aspect. This was accomplished by emphasizing such themes as: "A Year of Greater Usefulness," "Bank Credit that is Serving Georgians," and "C&S as a Southern Citizen." The cover of the report—Figure 2—carried the phrase, "Banking that is Serving Georgia." Copies were distributed to community leaders throughout the Southwest. Tested results proved this annual report had won new friends for the bank.

The annual report of Sun Chemical Corporation—Figure 3—was particularly appropriate to editors of business and management pub-

Figure 2

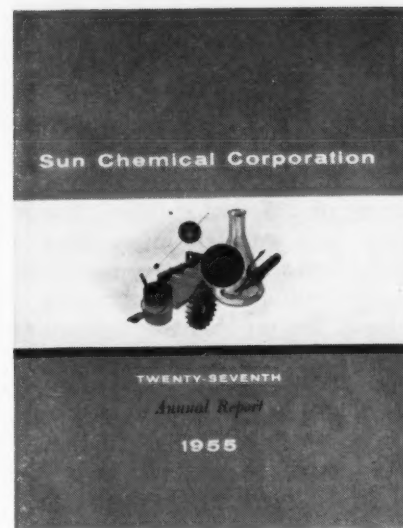


Figure 3

lications. The company is a sprawling organization and it had no literature available to provide editors, writers and investment researchers with an over-all picture of its operations and of what developments were taking place. The annual report, based on the theme, "What's New Under the Sun," contained information on the company written primarily for the benefit of the press. The result was an extensive amount of publicity for the company.

Figure 4 shows an annual report of Sinclair Oil Corporation that was addressed as much to employees as to stockholders. Its purpose was to increase the level of company pride among employees. The content outlined in understandable terms the vast scope of the company, and the various features of the employee relations program.

Techniques, of course, are influenced by many factors that may be peculiar to the company involved. But there are some general rules, based on the experiences and practices of concerns that have published successful annual reports, which can serve as a guide. These may seem to be simple and unimpressive rules. However, they can help to avoid the many pitfalls that too often ensnare the drafters of annual reports. Here they are:

1. Two persons should be assigned responsibility for the annual report. One could probably be the company's public relations director, or adviser, who is experienced in communications techniques. He should be responsible for deciding

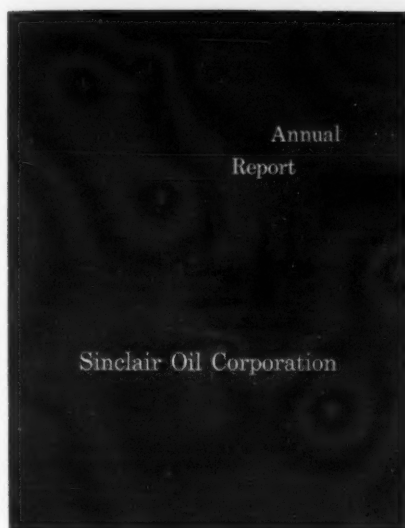


Figure 4

the *character* of the report. The other should be a high-level management representative with responsibility for the *content* of the report.

It cannot be emphasized too strongly that the communications expert should have final responsibility for the *language* as well as the *design* of the report. It is precisely on these points where the greatest trouble usually occurs. There have been too many occasions on which the stylistic preferences of members of the management team have been forced on the reluctant communications expert, who knows better than they what a report should look and sound like.

2. All key personnel in the company should be informed as to who has been given responsibility for the report. They should also be asked for suggestions to include in the report and what the over-all viewpoint should be.

3. After all comments and suggestions have been submitted, a round table conference should be called to discuss the various points of view and to reach agreement on an underlying theme or approach for the annual report.

4. Based on the decisions of the roundtable, the PR man should prepare the first draft. When this has been approved by the second member of the annual report team, who is responsible for content, the report should be circulated among the key personnel for corrections and further comments on its estimated effectiveness with each of the specific audiences it is designed

to reach after it has been printed.

5. Upon publication of the report, the PR adviser should make specific recommendations to each member of management's key personnel group on how the annual report can be best related to the particular public with which each is most concerned.

6. Later, memorandums should be written by each member of the management group detailing how he has used the report and what the reactions were. These memos, together with letters from outsiders

dealing with the report, can be used as a guide at the first planning meeting for the following year's annual report.

7. Work on the annual report should be started at least three months before the end of the fiscal year. At this point even the final figures as well as the general picture of the company's financial condition should be pretty clear, and the basic approach to the annual report, perhaps as keynoted by the president of the company, can be worked out. m/m

BELL AIRCRAFT Corporation Saves 70% in Type Composition with the Justowriter.

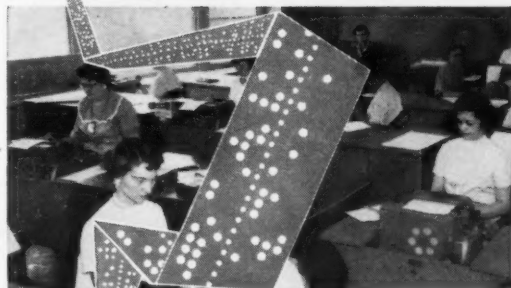


AUTOMATIC TAPE-OPERATED COMPOSING MACHINE



For more than 15 years Bell Aircraft Corporation has prepared various types of publications for military and commercial use. Originally, copy for these publications was typed, sent out to be typeset, and returned for printing—a costly operation. As the costs increased during World War II, a less expensive process which would still furnish justified, reproducible copy of top quality was sought.

After a study, the Justowriter automatic tape-operated composing machine was selected. This equipment provided justified copy suitable for XeroX or photo offset reproduction at 30% of the cost of typesetting or 70% savings. Bell Aircraft is just one of hundreds of industries, companies and government agencies cutting type composition costs with Justowriter.



Bell Aircraft Corporation's installation of 10 Justowriter automatic composing machines.



PRODUCE PROFESSIONAL TYPE COMPOSITION IN YOUR OFFICE WITH Justowriter—It's EASY

The Justowriter, consisting of two units, a Recorder and Reproducer, gives you complete control of composition in your own office. Your typist quickly and easily becomes your compositor. She simply types the copy (standard typewriter keyboard) on the Recorder. Simultaneously a punched paper tape is prepared complete with justification codes. The Reproducer reads the tape, automatically producing sharp, justified (even margin) reproduction proofs or direct image plates. Write for complete information.



Dept. MM-106 1 Leighton Ave.
Rochester 2, New York
Subsidiary of Friden Calculating Machine Co., Inc.

Sales and service offices in principal cities—
listed in classified telephone directory under
"Typesetting Equipment."



How to put every key man within 5 seconds of your desk

Your organization enjoys an immediate lift in efficiency with a Stromberg-Carlson sound system.

The time you save when you have fast communications at your fingertips is incalculable. Voice paging provides *instant contact* with any individual on your premises. It *reduces personnel expense* because there's no need to send your secretary or office boy on repeated "manhunts."

Customer relations are improved, too, because you can get quick answers to customers' questions from the right person without delay. And you, yourself, are free to continue your work quickly.

A Stromberg-Carlson sound system with our exclusive "Red Telephone" all-call alarm provides voice facilities for immediate warning in case of emergency.

Whether your organization is an industrial firm . . . commercial establishment . . . social agency . . . public utility—or any other organization that needs efficient communications—we can engineer a sound system to meet your particular needs.

You may have anything from a simple telephone intercom to a complex public address, paging and radio distribution system *on lease—without spending a cent of capital funds.*

Mail coupon now for free survey of your needs.

STROMBERG-CARLSON COMPANY

A DIVISION OF GENERAL DYNAMICS CORPORATION

1703 UNIVERSITY AVE. • ROCHESTER 3, N. Y.

Company

Address

Person to see

(Circle 623 for more information)

Practical Examples in Tax reduction

EDITOR'S NOTE: A fact-filled little book recently published by the American Institute of Accountants makes profitable reading by the businessman. Actually, it's a collection of over 200 topically indexed tax tips selected from The Journal of Accountancy's Tax Clinic. Based on actual experiences of leading tax practitioners, the items have been edited and brought up to date. Valuable as a reference guide, this volume can also be used as a "fishing pond" for tax-saving ideas. In the columns below are a few examples of experiences related in the book.

Treasury checking controlled payments by corporations

This two-year-old policy of concurrent examination of officers' returns with corporation returns is "crescending."

IR Mimeograph No. 54-72 (May 28, 1954) provides for the examination of the returns of officers and certain employees of corporations, *particularly those corporations whose stock is closely held*, at the same time that the corporate returns are examined.

The purpose of these simultaneous examinations is to detect more easily and efficiently any deduction by the corporation of expenses which constitute personal expenses of the officers and employees and, conversely, those which are not corporate expenses.

Crawford C. Halsey, CPA Pogson, Peloubet & Company, New York City, believes that the language of the Mimeograph indicates a "tough" attitude by the Treasury. He observes that while it is not mentioned in the Mimeograph, the Treasury probably intends, upon the disallowance of a corporate deduction as being a personal expense of the individual, to claim that in the case of a stockholder the payment is a dividend. If this is upheld, the corporation would lose the deduction but the officer or employee would still be taxable on the full amount received.

In the case of nonstockholders, the Treasury could take the position that the amount disallowed constitutes additional compensation to the officer or employee. This would mean that although the corporation may still be entitled to the deduction as compensation, the officer or employee would be taxed on the reimbursement as compensation, but could not deduct

Your accountant is your best source of tax reduction advice. But at times you are in a better position than he—if you're well informed—to uncover potential tax savings.

the expenses which are held to be personal rather than business expense.

The Mimeograph also states that if the relationships between affiliated corporations, partnerships, trusts or estates or individuals and a closely held corporation are such that the personal expenses of the individuals could be "foisted" (that is their word) on these affiliated corporations, etc., the returns of the affiliated corporations, etc., should also be included in the simultaneous examination.

Mr. Halsey urges that the importance of the Mimeograph be pointed out to all accounting clients where the above relationships exist.

Using new subsidiary's stock to provide executive incentive

A useful method of getting capital gains money to a key man.

Stock options are not the only method of getting a "stake" in the business into a valuable executive's hands. An increasingly prevalent method of furnishing proprietary incentive is to permit the key man of a newly purchased subsidiary to purchase a minority interest in the subsidiary at the same time and at the same price at which the parent acquires the controlling stock.

The subsidiary may be a raw materials "supplier" for the parent or a new sales outlet.

In any event, the value of the newly acquired company's stock is fixed by reference to the cash price paid by the parent to a third party for the majority of the subsidiary's stock. Any increment in the value of the subsidiary's stock accrues to the parent—and also to the minority stockholding executive. If and when the subsidiary's stock becomes more valuable, the parent can buy the executive's interest.

Effect: A substantial incentive to the executive in the form of potential long-term capital gain.

Can't walk away from travel expense reimbursement

(From AIA's Annual Meeting)

An employee or, indeed, a partner or officer may be entitled to reimbursement from his firm for travel ex-

easy

...like peeling a banana!



new Avery self-adhesive file folder labels



available in 10 border colors plus plain white . . . 248 labels per box—31 sheets of 8 labels each.



Rolls right on file tab without peeling or popping.

These NEW AVERY file folder labels are available at all stationery dealers. Ask for them TODAY!



free samples

Discover their utility and economy yourself. Just send this coupon for your free samples today.

faster • neater • cleaner

Why monkey around with old-fashioned stickers when these new Avery self-adhesive file folder labels turn the trick so handily?

Easy to type in sheet form with margin and centering guides, these time-saving, color-coded Avery Labels cut clerical costs, are self-adhesive . . . with nothing to wet or moisten . . . they go on at the touch of a paw . . . neatly, firmly, and swiftly. There's a moral to this tale of the business jungle. If obsolete stickers have you up a tree, swing to Avery. Identifying file folders with the new Avery self-adhesive Labels is easy . . . like peeling a banana — in fact easier. Try 'em soon.

AVERY

Kum-Kleen

LABELS

AVERY ADHESIVE LABEL CORP., Dealer Div. 150
117 Liberty St., New York 6 • 608 S. Dearborn St., Chicago 5
1616 So. California Ave., Monrovia, California
Offices in Other Principal Cities

Please send more information and free samples of Avery self-adhesive file folder labels.

my name _____ position _____
company _____
address _____
city _____ state _____

(Circle 686 for more information)



Stop Searching!

the widest selection of
TRANSLUCENT MASTER PAPERS
for **WHITE PRINTING** is now available from
ONE SOURCE

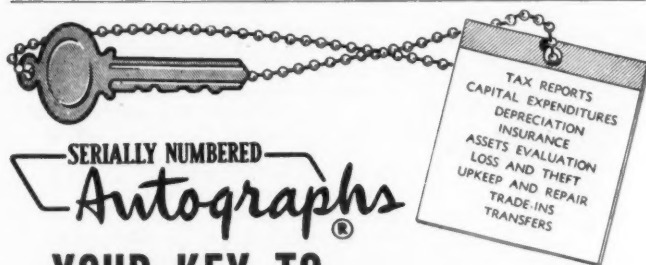
White printing is one of the most popular direct copy methods in use to simplify invoicing, shipping, accounting, production, purchasing, inventory, etc. To produce clear copies (at the desired speed), each application requires the careful selection of the correct translucent original papers. The already famous Pata-Trace translucent line of papers has recently been supplemented with the Masta-Trace group of translucent originals, providing business and industry with the widest selection of papers with these plus features.



13 lb. (bond weight) to card stock
(heavy ledger)
All sulphite to 100% rag.
Translucent to transparent.
Single or two process
Medium to highest printing speeds.

it pays to investigate
write for brochure and samples.

bienfang PRODUCTS CORP.
METUCHEN, NEW JERSEY
(Circle 561 for more information)



SERIALLY NUMBERED

Autographs

YOUR KEY TO EFFICIENT PROPERTY CONTROL!

Attractiveness, legibility and safe, easy mounting . . . Serially Numbered "AUTOGRAPHS" combine these features . . . open the door to efficient property control! Mount them prominently, proudly "out-front", where the easy-to-read numerals eliminate errors in recording. Reduce "tagging" costs! Anyone can mount Serially Numbered "AUTOGRAPHS" quickly, easily and permanently . . . even on crackle finish and other "problem" surfaces! Simply brush solvent on the adhesive backing and press into place. Drilled holes are unnecessary . . . there's no damage to fine finishes or delicate mechanisms! Try this proven key to efficiency in your property control system now!

The Trademark of Perfect property control!



Write today for "try before you buy" samples and Property Control Procedure Pamphlet No. 262.

METALcraft INC.
BOX 979D
MASON CITY, IOWA

(Circle 595 for more information)

penses. However, suppose that he fails to claim them from the employer—may he deduct such expenses in his own return as expenses incurred in earning income?

Consensus: No. He will be deemed to have constructively received reimbursement. That is, he can't just "walk away" from the reimbursement.

An alert: One should collect from his employer all expense reimbursements to which he is entitled. Bearing the expenses himself will not entitle an employee to a tax reduction therefor. (*Podems*, 24 T.C. 3.)

One way for young partners to buy out a business

The retention of preferred stock with terminal voting powers by elders furnishes probation period.

The federal tax law is often censured for the manner in which it renders substantial savings almost impossible. It can seriously handicap a young man of limited means who wishes to acquire a business, because the accumulation of the capital necessary to accomplish this purpose, after the impact of the federal taxes, may constitute an almost insuperable obstacle.

William H. Westphal, CPA, of A. M. Pullen & Company, Greensboro, N. C., reports a plan dealing with this problem, which arose incident to the acquisition of a thriving business by two young businessmen:

The enterprise has been operated as a partnership by a man and his son, both of whom wish to withdraw from the business.

Two young men, very competent and thoroughly experienced in this line of endeavor, desire an opportunity to acquire the business. Their reputation is excellent, but, since they have only \$50,000 in cash between them, their funds are limited. The present capital of the partnership is \$150,000 and it is considered highly desirable to increase this to a total capital investment of about \$200,000.

Another difficulty presents itself—the partners, having only limited knowledge of the newcomers, do not wish to take them into the partnership and possibly become liable for acts performed by the newcomers. The old partners prefer the protection afforded by the corporate method and wish to remain in control for a reasonable period of time.

The problems arising

Assuming that a corporation is formed, several questions then present themselves.

How can the partners protect themselves by retaining actual control of the corporation until the quality of the new men has been proven, and how can the newcomers be assured that they will some day have control of the corporation?

Distribution of the stock

First, the newcomers will join with the old partners in the formation of a new corporation, paying into it their \$50,000 in cash, while the partners transfer assets valued at \$150,000. (This will be done under 1954 Code Section 351.) The stock issued in the exchange will be \$100 par value, and that which is distributed to the newcomers will be common in its entirety. The partners will receive a small amount of common but a considerably greater proportion of 4% cumulative preferred stock, and, to enable them to retain control until

the new additions to the firm have proven themselves, their preferred stock will provide that they should hold voting rights for the next four years, thus keeping them in control.

At the end of this time, the voting rights in the preferred stock will expire, except in the case of arrearage in preferred stock dividends. This automatically disposes of the question of insuring control to the partners until they are satisfied of the integrity and the adequacy of the new additions to the firm, while, on the other hand, it provides the newcomers an opportunity to acquire control once they have demonstrated their abilities.

Then, how can the new men hope eventually to acquire the entire business, considering their limited capital and the impact tax rates will have upon their income; and how may the retiring partners be assured eventually of withdrawing their money without confiscatory taxation?

Funds provided out of earnings

Obviously the young enterprisers will not be able to acquire enough income free of federal tax to purchase \$150,000 in capital stock. The preferred stock indenture will provide that the stock be callable after a certain number of years with a reasonable call premium. Then, pursuant to the indenture, the preferred stock can be retired over a period of several years, the old partners picking up an excess over their cost basis as capital gain. In the alternative, a series of debenture bonds may be issued at the call date and these debentures eventually retired. Thus the necessary funds required by the younger members of the firm to obtain control will be provided out of the earnings of the business.

How will the young men live in the meantime? A reasonable salary with a flexible percentage bonus arrangement should provide the necessary funds.

The practicability of this solution seems sound.

Using corporate funds to finance sale of stock

A practical method of disposing of stock of closely held corporation via the capital gains route.

The use of a close corporation's assets to help its stockholders finance the sale of their stock is made much safer taxwise as the result of the Treasury's acquiescence in the Zenz decision. (*Zenz v. Quinlivan*, 213 F. (2d) 914.)

In the Zenz case, the sole stockholder of a close corporation caused the corporation to redeem part of her stock; concurrently, she sold the balance to a third party. She treated her aggregate profit as a capital gain.

However, the Treasury asserted an ordinary dividends tax on the proceeds of the stock redeemed on the grounds that the redemption was "essentially equivalent to the distribution of a taxable dividend" under 1939 Code Section 115(g) (1).

The taxpayer was sustained on appeal because, as the result of the two related transactions, she "ceased to be interested in the affairs of the corporation."

The Treasury acquiescence in Zenz has been ruled to be equally applicable to transactions under 1954



PROBLEM-SOLVING PARTITIONS

WOOD-ACOUSTICAL-STEEL

When it's time to move or modernize plan to install GR movable partitions: low cost . . . easy to install . . . easy to move. In wood, steel, acoustical or non-acoustical. Heights from 42" to 14'. Write for free information.

See Sweet's AF ^{22a}/_{Ga}
GR Products Inc.
 2417 EASTERN, S. E., GRAND RAPIDS, MICH.
 (Circle 586 for more information)

VEEDER-ROOT

VARY-TALLY

gives you as many counters as you need for control of product-uniformity

Production figures by types of units . . . comparative test results . . . inventories, estimates, traffic and quality control checks . . .

basic business data of all kinds is readily obtained with Vary-Tallies that are assembled to your exact needs. Spacious key on each counter makes "keyboard counting" easy, fast, accurate. For bulletin and prices, write:

VEEDER-ROOT INC.
 HARTFORD 2, CONN.



"the Name that Counts"



(Circle 630 for more information)



Whatever your procedure or equipment, you can save time and money by addressing your multiple shipments with **STEN-C-LABLS**

STEN-C-LABLS may be addressed as by-product of preparing invoice or bill of lading, or they may be addressed in a separate writing. Any type of office equipment can be used including manual or electric typewriters, electric billing or accounting machines, Card-o-type, Teletype or Flexowriter.

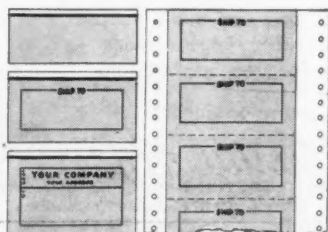
In addition to the saving of time, addressing errors and mis-shipments are avoided when you use STEN-C-LABLS. Thousands of dollars are being saved by present users.

Choose the style that fits into your operation from these continuous or unit forms available in a large number of different sizes:

Blank STEN-C-LABL to imprint on gummed labels, tags or PANL-LABLS.

Stock "Ship To" STEN-C-LABL direct to carton—No gummed labels.

Special die-impressed STEN-C-LABL includes your name and address—direct to carton.



STEN-C-LABLS in continuous form for use in separate writing are available in same styles as unit forms shown.



See your business forms supplier or **WRITE TODAY** for **FREE** brochure showing detailed operation and actual installations.

STEN-C-LABL, INC.

2285 UNIVERSITY AVE.
ST. PAUL 14, MINNESOTA

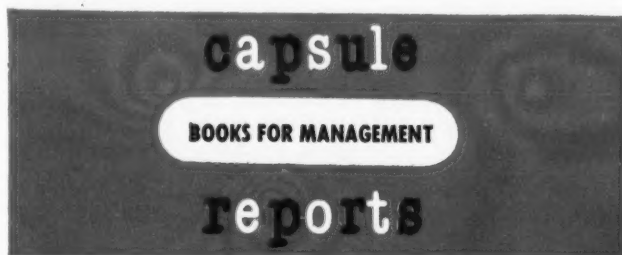
(Circle 649 for more information)

Code Section 302. That section provides *inter alia* that if a redemption is in complete redemption of all of the stock of a corporation owned by the particular shareholder, it shall not be treated as a dividend.

Thus, a sole stockholder may dispose of his stock in a combination type transaction, *i.e.*, sale of part and redemption of the balance, without the hazard of a dividends tax on any part of the proceeds. Indeed, the issuance of notes payable by the corporation as part of the proceeds of redemption is permissible under certain conditions.

However, whatever the circumstances, it's a good idea to obtain an advance ruling before undertaking a Zenz type of transaction. m/m

WORKING WITH THE REVENUE CODE IN 1956, James J. Mahon, Jr., Editor. American Institute of Accountants, 270 Madison Ave., New York 16, N.Y. 125 Pages. Paperbound—\$2; Clothbound—\$2.50.



The New Psychology for Leadership

The readers of Management Methods will recognize the contents of this new book as identical to the series of articles which have been appearing in the magazine for the past year and a half. (*Capsule Reports: Human Relations*). Based on the latest developments in sociological and psychological experimentation, the various aspects of human relations problems in business are discussed in detail. Each subject is treated in the context of the work of many researchers.

The leadership problem is spread across the business structure involving top executives, as well as foremen and supervisors, and the contents of the book is aimed at meeting the problems at all levels.

DONALD A. LAIRD, ELEANOR C. LAIRD, McGraw-Hill Book Company, Inc., 330 W. 42nd Street, New York 36, N.Y. 226 Pages. \$4.00.

Successful Handling of Labor Grievances

Why should one company get tangled up in grievance administration while its competitor, with comparable working conditions and the same grievance procedure with the same union, is relatively free from employee discontent? The answer to this question is simply that one management has apparently learned to make best use of the grievance handling process.

This book examines the industrial grievance from the point of origin to the final decision making. It deals with the mechanical and human aspects of grievance institution. Technicalities and opinions are scrutinized. Successful grievance clauses are analyzed, clause by clause, to demonstrate the formula for successful industrial relations in all plants.

BERTRAM R. CRANE, ROGER M. HOFFMAN, Central Book Co., Inc., 261 Broadway, New York 7, N.Y. 300 pages. \$5.95.

How to operate a duplicating department

Planning and scheduling equips a duplicating department to meet varying workload requirements

Our duplicating system is not set up as a testing ground to experiment with new equipment or techniques. The department's job is to produce the paperwork needed by all divisions of a company which employs 1,900 people.

We produce 18,000,000 sheets a year. These include brochures, product description sheets, price lists, letters, manuals, forms, letterheads, handbooks, and a great variety of additional material. To meet this heavy load, and to avoid having nine out of ten jobs classed as "rush", we use a strict scheduling system based on priorities. We

avoid a first-come-first served basis.

Equipment and staff

Our staff totals 35. Our equipment includes 20 typewriters, two Varitypers, 14 mimeographing machines, five spirit duplicators, and seven offset duplicators. Beside the typing and duplicating divisions, the department has photography, composing, binding, and mailing sections.

In scheduling our work, we post available man hours for the six different sections. Only *five hours daily* are scheduled for each employee—perhaps the single most important feature of our planning.

The remaining two hours are left free to handle rush jobs and to account for periodic lack of a full staff resulting from illness or vacations. This provides the "safety cushion" which guarantees that the inevitable rush jobs will find manpower available to handle them.

Advanced scheduled jobs

Our system compels other divisions to plan their duplicating work in advance. For example, for certain standard material, we have a system of pre-set inventory levels. When the supply falls to a fixed number, the stockroom notifies us.

A typical case which shows the

[illegible]

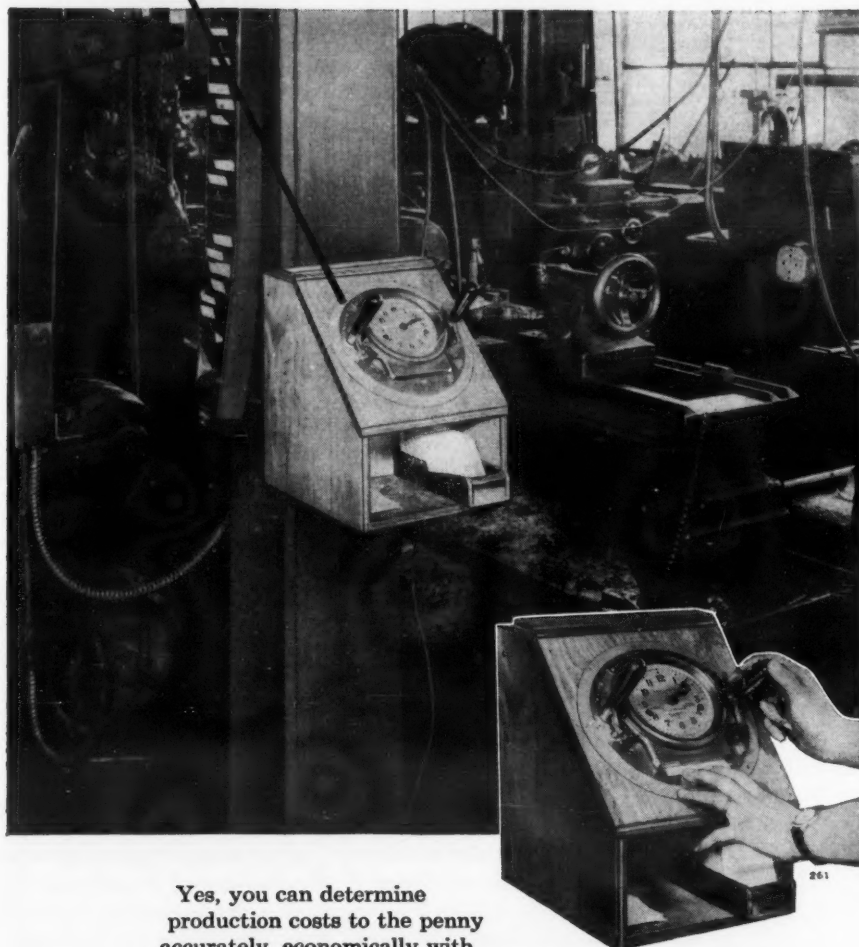
FIGURE 1. A job order form (left) which gives complete details of work required is submitted to the duplicating department to initiate all work. **FIGURE 2,** below, is a departmental schedule which outlines available work hours a month in advance.

[illegible]

always on hand
to keep costs in hand



Automatically



Yes, you can determine production costs to the penny accurately, economically with Calculagraph—the only job time recorder that automatically computes, prints and records ELAPSED time—to the minute.

For fast, dependable cost control, investigate, install, Calculagraph—it can keep costs in hand, mean greater profits to you. Ask our representative to show you how.

Write today for catalog to Dept. M

Agents in Principal Cities

SEE US AT BOOTH 228 A
NATIONAL BUSINESS SHOW
NEW YORK COLISEUM, OCTOBER 15-19

CALCULAGRAPH
Company

HARRISON, N. J.

THE STANDARD OF ACCURACY SINCE 1892

(Circle 645 for more information)

Duplicating

Continued

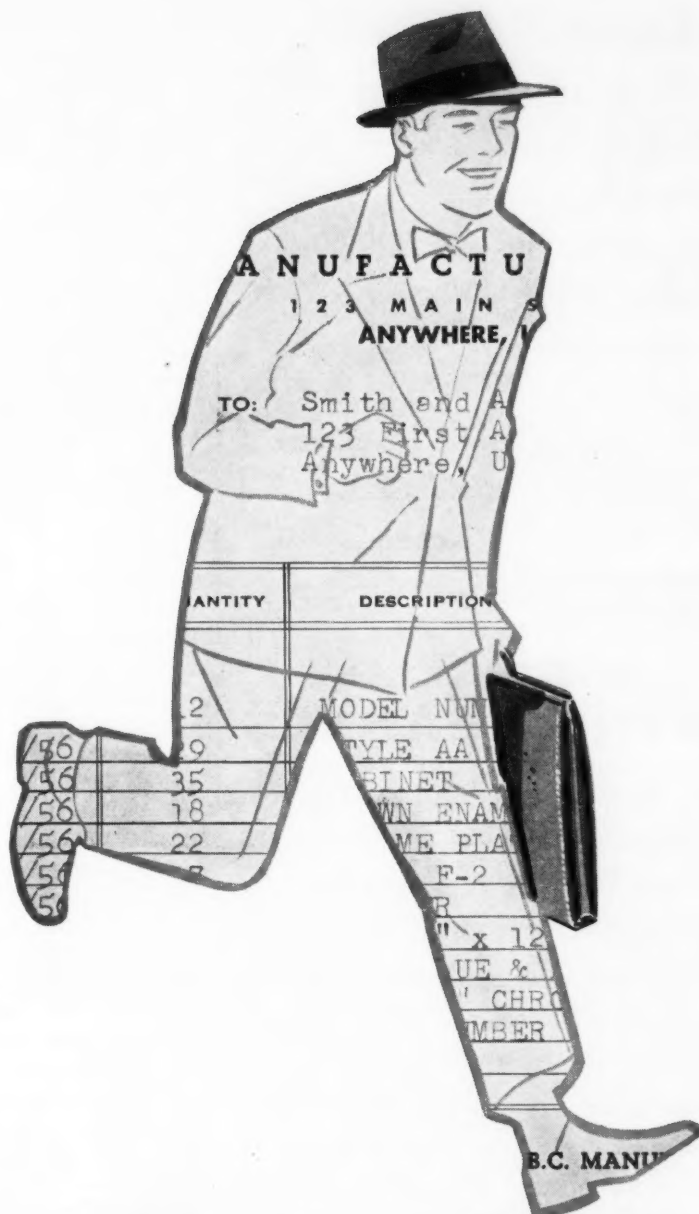


FIGURE 3. A handy gadget is this visible index which lists the time required to perform typical operations.



FIGURE 4. The visual production control board shows each departmental unit's work load in relation to capacity output.

procedure was our own department's cost sheets. Notification arrived from the stockroom on June 3. This notification, which is combined with our job order, is a form-printed master (Figure 1). After approval, it was routed to the planning clerk in our department. He stipulated delivery of 2,500 copies by June 23. The process specified was offset, black ink, on 8½"x11", white, 20 lb. paper. The offset negative was taken from the file, a plate



Want Help With Your Paperwork?

You can have it, from an expert too . . . and for free, Reynolds & Reynolds representatives have become experts on business forms and office procedures through experience gained in helping thousands of businesses, large and small, solve their problems of bothersome, profit-absorbing paperwork bottlenecks.

If it has been some time since you analyzed your office

procedures, perhaps conditions have changed so that several forms can now be combined into one multiple part set . . . copies eliminated from other forms . . . or maybe No Carbon Required Paper is the answer to some specific problem. Why not ask a Reynolds and Reynolds representative to go over your paperwork procedures with you . . . no obligation, of course!

The Reynolds & Reynolds Company

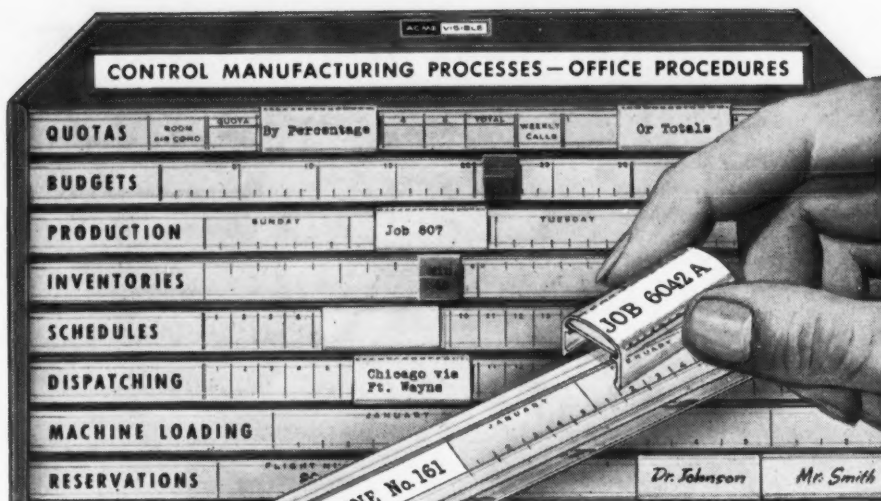
BUSINESS FORMS SINCE 1866

PLANTS: Dayton, Ohio; Celina, Ohio; Dallas, Texas; Los Angeles, Calif. • OFFICES in principal cities

(Circle 616 for more information)

OCTOBER 1956

83



**ALMOST
UNLIMITED
APPLICATIONS**

ACME VISIBLE

VISUAL CONTROL PANELS

**Chart Action, Indicate Trends,
Show Results, Permit Comparison,
Picture Organized Facts for
Analysis and Decisions.**

Complete flexibility with limitless signalling and charting possibilities . . . Easily adapted to your individual record requirements.

Lightweight panels contain clear plastic tubes which are individually removable and may be shifted from one position to another . . . Clarity of tube provides full legibility of contents.

Signals snap on or off at any point . . . Hold position until positively moved . . . Slide smoothly back and forth . . . By-pass freely.

Insertable index feature affords triple signalling potential: by position, by color and by legend of index.

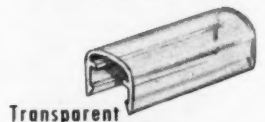
Ask the man from Acme to show you examples—

ACME VISIBLE RECORDS, INC. CROZET, VIRGINIA C1056

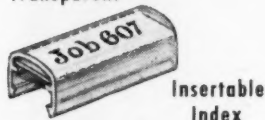
- ☐ Send us more information on Visual Control Panels.
- ☐ We are interested in Acme Visible equipment for _____ records.
- ☐ Have representative call. Date _____
Time _____
- Company _____ Attention _____
- Address _____
- City _____ Zone _____ State _____

(Circle 638 for more information)

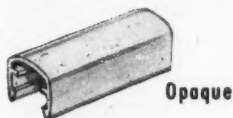
OVER-RIDING SIGNALS



Transparent



Insertable Index



Opaque



Indicator



For pencil notations and erasures

TUBE INTERIOR SIGNALS



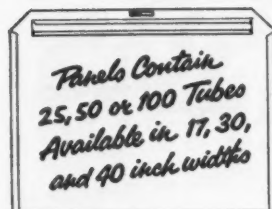
Fold over



Transparent



Opaque



*Panels Contain
25, 50 or 100 Tubes
Available in 17, 30,
and 40 inch widths*

was exposed, and running time set for June 2.

All company departments are provided with the duplicating job order forms. For stock jobs, the stockroom fills out the form. For other work, however, the originating department completes this form for us.

Semi-rush jobs

On March 19, the sales division requested 10,000 copies of a direct mail promotion piece. The delivery requested was April 1. Instructions were to duplicate the copies in two colors on 8½" x 11" white paper.

Instructions were written on the job order to the photographic unit to prepare a negative and mask, and then make a paper print composite for checking with sales. The duplicating unit was instructed to submit a sample of each color to be used to the art section before running the job.

Copies of the order were duplicated. Each unit to work on the job got an advance copy. A copy run on card stock was posted to the production control board, and one copy was sent to the sales division indicating delivery date.

To work this job into the overall schedule, it was plotted in a monthly chart showing the amount of work hours available (Figure 2). We have also devised a time measurement index, showing how long it takes for typical operations, such as typing a stencil, mimeographing 500 copies, or folding 1,000 brochures (Figure 3). Using this, we found that 3½ hours of work were required in photography to prepare this piece. This time was entered on the monthly chart, identified by its job number. We have a visual production control chart which shows the work load in each unit in relation to capacity output (Figure 4). We daily check completed orders against new ones.

Long range scheduling

We also have a system of long range scheduling. The sales division, largest single user of our duplicating production, submits an estimated duplicating budget each year covering the coming 12-month period. Each three months a quarterly budget is submitted as well. If a heavier than normal work load is planned, we can increase our staff and equipment as needed. m/m

MANAGEMENT METHODS



THE INDUSTRY THAT SERVES ALL INDUSTRY



**"Nationals save us \$60,000 a year...
return 50% annually on the investment."**

—KOPPERS COMPANY, INC., Pittsburgh

"We use National Accounting Machines on a wide variety of applications, such as: Payroll Writing including Labor Distribution and Government Reports; Accounts Payable including Vouchering, Check Writing and Distribution; Accounts Receivable including Bank Deposits and Age Analysis; Sales Analysis by Product; Cost Analysis, Cost Reports and other financial statements; Stores Disbursement

Distribution; and Cost Ledgers and General Ledgers.

"We estimate that these Nationals save us \$60,000 a year, returning us 50% annually on the investment. Another advantage is that simplicity of operation and automatic features make it easy to train operators."

Earl Dwyer Vice President,
Finance

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO
989 OFFICES IN 94 COUNTRIES

(Circle 601 for more information)

DIVISIONS OF KOPPERS COMPANY:

CHEMICAL: Plastics, chemicals, adhesives and dyes.

ENGINEERING & CONSTRUCTION: Design and erection of chemical-recovery coke plants, blast furnace and open hearth plants, and chemical plants.

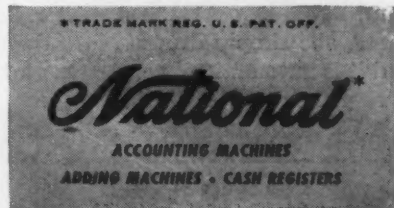
GAS & COKE: Blast furnace, foundry, industrial, and domestic coke.

METAL PRODUCTS: Industrial gas cleaning equipment, couplings, piston rings, fans, gas apparatus, paper box fabricating and printing machinery and sound control equipment.

TAR PRODUCTS: Chemicals and coal-tar base protective coatings, roofing, road materials, creosote, moth preventives, and insecticides.

WOOD PRESERVING: Pressure-treated wood products for railroad, utilities, industry, agriculture and the home.

Your nearby National representative will gladly show how much your business can save with Nationals.





... That's the report received from Mr. Harold W. Young, Asst. Treas., La Salle Extension University, Chicago, Illinois.

"Our CUMMINS Signer
saves valuable executive
time with complete safety!"

CUMMINS Check Signers and Endorsers are Time and Cost Savers!

La Salle Extension University, like all users of Cummins Check Signers, reports amazing speed and efficiency in their check signing. In addition, Cummins Check Signers give unvarying uniformity of the signature, because they use ink instead of ribbons.

Cummins Check Signers are accompanied by a \$10,000 forgery insurance policy. Payroll deadlines present no problem when a Cummins Signer is in use.

Suitable Models are available for any volume of checks. High-speed, automatic feed machines can sign over 20,000 checks per hour.

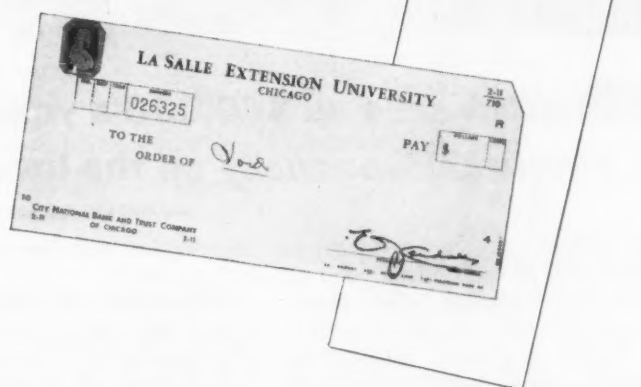
La Salle Extension University also uses a Cummins Check Endorser to eliminate noisy hand stamping of checks for deposit. Checks are endorsed at the same time as they are listed on the deposit ticket, ready for the bank that much earlier.

Many firms use the same Cummins machine for both endorsing and signing. La Salle Extension University has peak periods for both operations which frequently coincide and necessitates the use of two machines.

Like their "running mates", the Check Signers, Cummins Endorsers feature simplified operation, rugged design, and light weight. They save all the time wasted in hand stamping. As the operator lists each check, she simply drops it into the endorser and it is automatically endorsed and stacked in sequence.



Write today for complete information and illustrated literature. A no-obligation demonstration can be arranged at your convenience... ask for one.



CUMMINS BUSINESS MACHINES

A Division of Cummins-Chicago Corporation
4740 North Ravenswood Avenue • Chicago 40, Illinois

SALES AND SERVICE IN ALL PRINCIPAL CITIES

(Circle 570 for more information)

MANAGEMENT METHODS

consensus

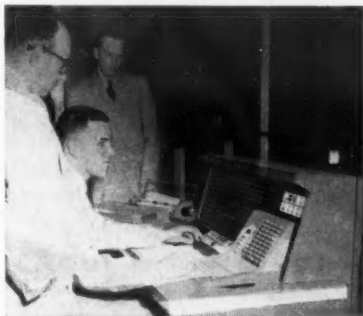
ELECTRONIC BRIEFS WORTH REPEATING

American "brain" overseas

The first giant "brain" installation on the European continent, a Remington Rand Univac computer service center, is installed in a specially designed building at the Batelle Institute, Frankfurt, Germany. It will provide business, government, and science in western Europe with services comparable to those available in this country.

Army electronic computer

An electronic computer (IBM 705) installed at The Army Signal Supply Agency at Philadelphia, is a key element of the electronic data processing network that handles requisitions, stock control, and other data pertaining to signal supplies for the entire U. S. Army.



This electronic computer is capable of the following operations:

1. Collects and memorizes 8,000,000 different facts on more than 150,000 different electronic items required to keep the Army's global communication-electronics systems in operation.
2. Makes 37,500 changes to

these facts per day within 24 hours after the change occurs, regardless of where it occurs.

3. Uses these facts to process 6,000 orders for supplies received each day from troops maintaining communications and electronics equipment throughout the world.

4. Will aid in speeding shipment of supplies from the nearest signal supply warehouse.

5. Remembers all orders received when stocks are not available, and automatically fills such orders as soon as stocks are received.

6. Reviews the stored 8,000,000 facts each day to determine which items are in short supply, and recommends the placement of approximately 150 orders per day with manufacturers of such supplies in time to be received before stocks are exhausted.

7. Reviews orders placed with manufacturers to assure supplies are still needed, and if not, may recommend cancellations to manufacturers.

8. Makes thousands of routine decisions per day, and prints special data for management control when unusual supply conditions exist.

9. Has the capacity for memorizing and storing millions of additional facts, and processing thousands of additional orders—thereby greatly increasing the Army's readiness for mobilization in the event of an emergency.

10. Effects a major saving in the cost of supply control and supply management.

Electronic reservations

Trans World Airlines will install by next Fall the first coast-to-coast electronic reservations network to be used by an airline. The new system will re-

Built-In POCKET

on continuous forms or unit sets

keeps your

I.D.P. TAPE

At Hand



SAVES COSTLY TIME,
filing and finding

PREVENTS LOST, misfiled
or damaged tapes

MAKES FORM AND TAPE
a complete identified unit

POCKETS made to fit I.D.P.
TAPE or PUNCHED CARDS

POSITIONED on the back of any
desired copy of LITHOSTRIP
Continuous Forms or LITHOSET
Unit Form Sets.

WRITE TODAY for DETAILS and
FREE SAMPLES of POCKET FORMS

AMERICAN
Lithofold Corporation
500 RITTNER ST. ST. LOUIS 15, MO

(Circle 558 for more information)

How's your letterhead?

Get your free copy of *Letterhead Logic*, our brochure containing a list of letterhead "musts". Check your stationery against this list, which has been prepared by experts for your guidance.

Learn how HILL, with its 42 years experience, can create a new letterhead with greater sales appeal! See how HILL can give you stationery you'll be proud of; that reflects the prestige of your company; that costs surprisingly little!

Letterhead Logic is free to users of 5,000 or more letterheads yearly. For your copy, just jot down the amount of stationery you use on your present letterhead, and mail.

If it's worth seeing, put it on a Hill

R. O. H. HILL, INC.

270 M-57 Lafayette Street
New York 12, New York

Please send a free copy of *LETTERHEAD LOGIC*. We use
() letterheads a year.

Name _____

Company _____

Address _____

City _____ Zone _____

State _____

Fine Letterheads & Business Cards Since 1914

(Circle 647 for more information)

INQUIRIES INVITED

Can we help you—or your firm—print or publish, write or edit, any of the following:

HOUSE MAGAZINES
ASSOCIATION OR CONVENTION
NEWSPAPERS
ANNUAL REPORTS
COMPANY HISTORIES
BOOKS OF PROCEEDINGS

Management Publishing Corporation, a wholly-owned subsidiary of Management Magazines, Inc. (publishers of Management Methods) is now staffed to assist companies or individuals with problems requiring a high degree of professional publishing skill. The full editorial and technical resources of our parent company are available on a service fee or participation basis.

For more information, phone or write:

RICHARD R. CONARROE
Executive Editor

MANAGEMENT PUBLISHING CORP.
22 West Putnam Avenue
Greenwich, Connecticut
Phone GR. 8-7330

(Circle 646 for more information)

place the traditional "big board" system and keep track of seat availability on domestic flights for 31 days and overseas flights six months in advance.

A combination of a magnetic drum for storing information and electronic means of transmitting it, the system is called a Magnetronic Reservoir. It was designed by the Teleregister Corporation. The network will have three identical "brain centers" to store data. These are at New York, Chicago, and Los Angeles. Each will store space availability information on all flights.

The new system will give TWA agents access to the nearest "brain center" by means of counter-top machines called agent sets. By pushing buttons and watching indicator lights, an agent can find out if a flight has available seats and can quickly locate alternate accommodations if necessary. By operating a small lever on the set he can automatically notify the central reservation office at Kansas City of a sale or cancellation.

When a flight is sold out, the central office can simultaneously adjust the Reservoir's three "brain centers" to indicate "no space available."

In addition to putting reservations data at the fingertips of each agent, the new system will also tell him the status of any flight on the current day.

For more details, circle number 692 on the Reader Service Card.

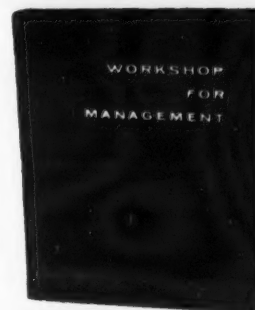


College opens computer center

A new Electronic Digital Computer Center at Carnegie Institute of Technology, is designed to aid staff and graduate students in their research programs. It is also slated to provide a low-cost computation facility for business, government agencies, and industry in the community.

The central piece of equipment in the Center is a \$250,000 IBM magnetic drum processing machine which is used with a variety of punch card accessory equipment.

Shows how to profit at every stage of ELECTRONIC OFFICE OPERATIONS



the all
new 1956
edition

WORKSHOP FOR MANAGEMENT

Use this new book to see how more than thirty top executives and management consultants save time, money, and personnel with electronic office systems.

Each method, each application has been proved in practice. You learn exactly how to get the results—how to eliminate the mistakes that other companies experience in their own electronic office operations.

From "giant brains" to the smaller electronic systems — **WORKSHOP FOR MANAGEMENT** gives you ready-to-use information that gets most effective use from electronic equipment like UNIVAC, BIZMAC, IBM 650, and the BURROUGHS E101.

Partial Listing of Contents

- ★ How to get maximum savings with electronic office equipment
- ★ How to organize your company for an electronics operation
- ★ How to speed up effective use of electronic office procedure
- ★ What to expect in performance from electronic office systems
- ★ How to staff for electronic office operations
- ★ How to solve the personnel problems involved in using office electronics

**SEND FOR YOUR FREE
EXAMINATION COPY TODAY**

Use coupon below

MANAGEMENT PUBLISHING CORP.
Suite A-26, 22 West Putnam Avenue,
Greenwich, Connecticut

Please send me, for a 5 day **FREE EXAMINATION**, a copy of "Workshop for Management." Within 5 days I will either send payment for \$19, or return the book without obligation.

Name

Address

.....

MANAGEMENT METHODS

Reading skills increase clerical productivity

More speed and better comprehension can cut office overhead

by Robert Phillips, Director
Reading Improvement Program

During the last five years, there has been stepped-up activity in reading training for executives. Results of this activity have been dramatic. Gains in reading speed from 50% to as high as 300%, plus increased comprehension, have been recorded in programs as short as 12 sessions.

The reason for this activity is clear. The reading load of today's administrative manager has become ponderous. In order to keep up with it, he must work toward improving his reading ability.

Since these programs have been successful on an executive level, it would seem practical to give similar courses to people in the lower echelons of business who do a great deal of on-the-job reading. Before embarking on such a program, however, several questions must first be answered. How effective would a reading training program be for clerical help? Would this level of employee extract a sufficient amount of value from such a program? Will this training produce savings in time and money?

Results of clerical programs

To answer the first question, I will draw on some experiences which illustrate the type of reaction that can be expected from clerical reading training. One administrative assistant recently started with a reading speed of 200 words per minute. At the end of 12 sessions, each lasting 1-3/4 hours, his speed was up to 400 words per minute. This was accompanied by a 20% increase in comprehension. One secretary started her course with a reading speed of 150 words per minute. At the end of 12 sessions, that had been increased to 300 words per minute—with a 22% gain in comprehension.

(Continued on page 91)



The Egry Man

... has been serving business as a forms and systems counselor since 1893. He was, and still is, an expert in autographic register systems.

Today, 63 years later, the Egry man is a specialist in forms for all types of office machines used by modern business... particularly automatic accounting and tabulating machines and auxiliary equipment.

The Egry man can show you Egry tabulating forms in a wide range of sizes, construction and paper combinations; a complete line of stock forms for immediate shipment; *imprinted, two weeks.*

He can give you a quick look at a complete line of tabulating auxiliary equipment like forms bursters, decollaters, imprinters, transparent templates and punched card tab autographic registers.

He can provide you with the latest information on Integrated and Electronic Data Processing.

If you haven't met the Egry man in your city, call him for a free supply of Report Covers and Tabvelopes, or write

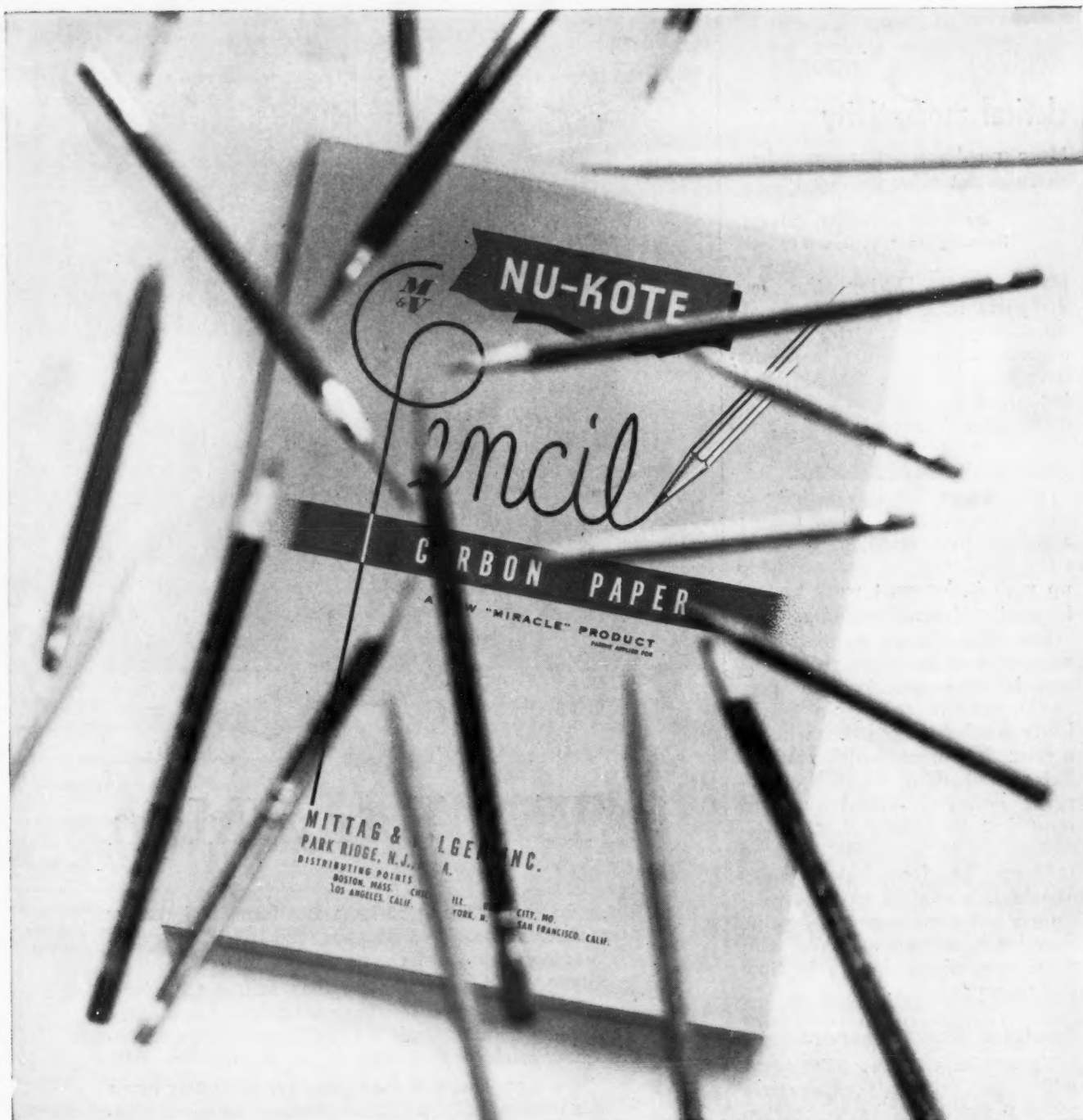
The **EGRY** Register Company

DAYTON 2, OHIO

LEIPSIC, OHIO • LOS ANGELES

EGRY CONTINUOUS FORMS, LTD., TORONTO • MONTREAL

(Circle 579 for more information)



THE RECORD IS CLEAR Put it in writing... Pass along

your thoughts... Keep a history of your performance... And KNOW that with NU-KOTE*, your hand-written records are clear. • Countless hours in the laboratory plus an honest pride in our work produced NU-KOTE—the first, and the only, pen or pencil carbon that delivers a no-smudge record copy with the merest whisper pressure • And you'll find it lasts more than twice as long. Try it and see!

*available in boxes, reams and register rolls.



Convenient coupon for a sample, FREE with our compliments.

Name _____ Title _____
 Firm _____ Address _____
 City _____ State _____

MITTAG & VOLGER, INC., PARK RIDGE, N. J. • TELEPHONE: PARK RIDGE 6-0001

(Circle 597 for more information)

When applied to larger groups, the results have been consistently good. For example, at the Electronics Supply Office at the Great Lakes Naval Training Center, 34 clerical employees were put through a reading improvement program. When they began, the median speed was 250 words per minute. At the end of the course their speed had increased to 360 words per minute. The average increase in comprehension had risen from 70 to 80%. Another group of 150 officers and civilian supervisors at the same installation showed an average improvement of 40% in speed and 6% in comprehension.

The Los Angeles Chapter of the American Institute of Banking has also run a group program. Included in the course were stenographers, typists, clerks, and tellers. One statistical typist in the group increased speed from 150 to 400 words per minute in 14 sessions.

Saving time and money

The financial benefits of a reading training program vary from firm to firm, and even from person to person. However, we have worked out a conservative formula that can be applied to the individual case:

$$\frac{\text{HOURS SPENT READING} \times \text{HOURLY PAY}}{3} = \text{MONEY SAVED}$$

Our experience with thousands of persons shows that any one with normal intelligence will gain at least 50% in reading efficiency (a combination of both reading speed and comprehension). In many cases, we have found gains of 100%, 200%, and even 300%. This formula applied to a \$75.00 a week secretary who now spends 12 hours a week reading, would work out like this:

$$\frac{12 \times \$2.00}{3} = \$8.00 \text{ A WEEK SAVINGS}$$

The formula can be used to determine, beforehand, if the program could provide economic benefits. Using the cost as the basis, an employer can determine the approximate amount of time it will take him to recover his initial investment. Other considerations to be evaluated before embarking on a program include the amount of time the individual actually spends reading, the importance of the reading that is done, and the potential of the employee for promotion. m/m

A Page of History



recorded by FILMSORT

The Filmsort application in Plymouth County, Massachusetts abounds in colorful and famous names from the earliest days in American history.

The historically invaluable documents filed in the Filmsort installation in Plymouth County are preserved and used through the application of the most modern of records systems. Microfilm and Filmsort cards combine to make records from our historic past available for active reference without injury to the originals.

All of the original documents affecting real property in Plymouth County have been microfilmed on 35mm film and filed in Aperture cards or Jackets according to the type of document involved. The records are filed chronologically in

the same order in which they were initially recorded, and are available in this form for public use.

This interesting and practical Filmsort application is another example of the versatility of the Filmsort system for handling modern records problems. For engineering drawings, personnel records, hospital case histories, research reports—any large volume active file—Filmsort provides security, space savings and an active reference medium.

For full information on Filmsort equipment, supplies and service, see your local Filmsort distributor.



FILMSORT DIVISION
DEXTER FOLDER COMPANY
Pearl River, New York

(Circle 648 for more information)

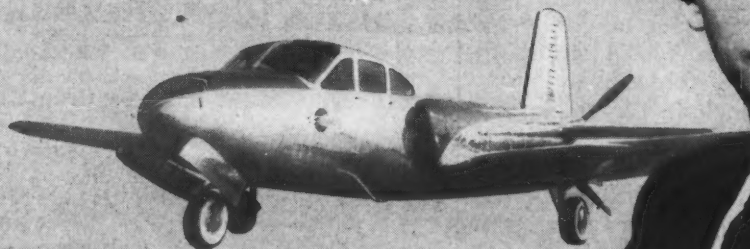
for those who refuse to compromise...



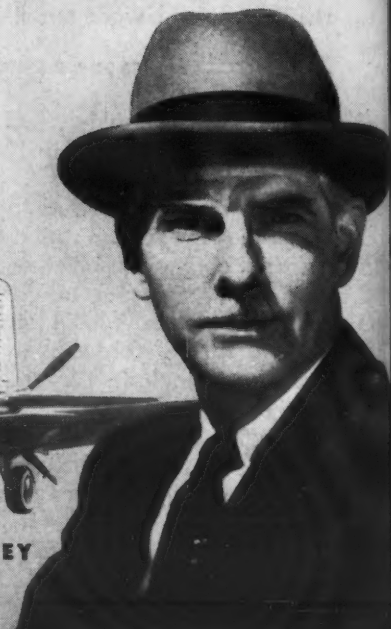
The attributes of success in a man or a company are seldom more keenly etched than in the office equipment selected.

Both embody qualities which are vital to success—efficiency, stability a new and dynamic conception. And because these features are basic in the superb line of Crestline desks, files, chairs and tables, you find them the choice of discerning management—Crestline bespeaks your success.

We shall be glad to send you our newest Crestline catalogue and the Office Plan Rule which is a great help in arranging good work areas.



SECURITY STEEL EQUIPMENT CORPORATION, AVENEL, NEW JERSEY



THIRD
ANNUAL

best place to work

AWARD
WINNER

best employee
lunch-lounge area

WINNER

*Wisconsin Electric Company
Milwaukee, Wisconsin*

Number of employees: 4,100



Handsomely decorated employee lounge covers approximately 4,900 square feet. The atmosphere is that of a private club.

A superb example of how to handle employee service areas

————— This award winning entry epitomizes a "Best Place to Work." In the opinion of the Editors, it is the finest example of an employee lunch-and-lounge area ever carried in this magazine.

From a planning point of view, Wisconsin Electric showed originality in combining a variety of necessary and desirable employee services in a single area. This concentration of facilities adds impact to an employee morale program, the



Management gets maximum mileage by concentrating employee facilities

Main entrance carries this legend above the doors,
"Dedicated to Relaxation and Health."



The general dining area is L-shaped and covers approximately 6200 square feet. Color and lighting is keyed to enhance the appearance of food. Different size tables hold four, eight or ten diners.



Dining areas and lounge are separated by folding door which permits the cafeteria to be concealed when not in use.

effect of which might otherwise have been dissipated.

Located on the fifth floor of the Company's general offices at Milwaukee, the new quarters include the very best in modern lunchroom facilities, a beautiful lounging and recreational area, a well-equipped reading room, and a special lounging room set aside for retired employees. In addition, the new quarters provide the company's sales people—who sell electric power—with "on-the-job" demonstration facilities of the most modern methods of commercial lighting and the use of the latest type of electrical equipment for food preservation, preparation and cooking.

Best measure of the success of the new quarters can be found in this statement by Mr. L. F. Seybold, president, who states, "Because of cramped quarters and a limited selection of food, the majority of employees formerly were put to the inconvenience of seeking outside places in which to spend lunch-hours and off-duty time. . . . Today, the majority of our 1300 employees at the Public Service Building, as well as many of the 3700 employees located at outlying locations, have already made use of the new facilities."

The lunchroom

Automatic elevators lead from all floors of the building to the fifth floor lobby of the "Employees' Club." Walking along a well-lighted and beautifully decorated corridor, employees pass modern washrooms and wardrobes on their way to the large cafe area which accommodates about 275 employees at one sitting. Meals are served from 11 A.M. until 2 P.M. each day.

The veterans' lounge is actually a handsome living room. This area is for the exclusive use of retired personnel.



At one end of the room is a long expanse of stainless steel serving counters—one for those who want no more than a sandwich or salad, and a longer line for those who desire complete lunches.

In addition to the main dining room, smaller dining rooms are available for special occasions. Each of these rooms will seat 15 persons and may be enlarged to seat 30 by pushing back a folding partition. These are available for such occasions as "mid-day showers" for employees about to be married, special luncheons for employees about to retire, and for committee meetings.

The recreational area

From the dining area, a wide arch leads to the lounge where employees relax for conversation, television, cards, or dancing. It contains a projection room from which movies and slides can be shown if desired. A large natural fireplace and wood panelling provide a home-like atmosphere in sharp contrast to the working areas of the building.

Off the lounging area, is a reading room where newspapers and magazines are provided. Another room off the main lounging area is set aside for the exclusive use of *retired* personnel. Comfortable chairs, card tables, another TV set,

and writing desks provide visible proof that Wisconsin Electric also remembers those who have served it well in the past.

Sound conditioning

The metal pan ceiling, throughout the entire Club, with its millions of tiny holes, performs a dual function. In addition to air conditioning, it also sound conditions the entire area. It is in perfect balance. A speech can be heard by everyone in the room, and yet loud sounds are muted. The muting effect is particularly noticeable in the kitchen, where the clatter of dishes can scarcely be heard. m/m



Special dining rooms, for employee and executive use, can be opened up to accommodate 30—or closed by a folding wall to handle 15 occupants.



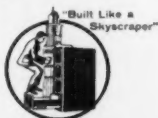
Reading room is located directly off main lounge and covers 680 square feet. Comfortable seating and good lighting provide a relaxing "quiet area."

NEW WORK- ORGANIZER DESKS

for the modern office

Shaw-Walker Work-Organizer Desks are guaranteed to help you get more done. The drawers organize everything from paper clips to records—put what's needed most in easiest position for quickest use.

But you must see these desks to experience the numerous work-saving economies they can effect for you. Now on display in 416 cities.



SHAW-WALKER

MUSKEGON 93, MICHIGAN

Largest Exclusive Makers of Office Equipment
Representatives Everywhere

(Circle 621 for more information)

High there!



THE
STURGIS
1400-G

with scuff-proof, noiseless,
self-leveling fiber glass base

Has a high back for the man
who likes to be up to his
shoulders in comfort

Sturgis

POSTURE
CHAIRS

THE STURGIS POSTURE CHAIR COMPANY
Sturgis, Michigan

See your Sturgis dealer or write for literature to
General Sales Offices, 154 E. Erie St., Chicago 11, Illinois

(Circle 624 for more information)

work
center

Plant and office location,
engineering, building,
and design

How to cut floor cleaning cost and time

Since labor costs represent 90% of every cleaning dollar, the easiest way to cut cleaning costs is to make better utilization of your personnel. One way to do this is to provide proper equipment, so that a better job can be done in less time.

Here's how to quickly determine if your plant is operating efficiently in its floor maintenance program. Take a look at the chart below which compares the time needed to clean and maintain various floor areas. The examples cite three typical methods of cleaning, for four different size areas.

Assuming that you have the right man for the job and a good workable program, regardless of what you are paying him, machine methods rapidly pay for themselves. The end result is far superior to floors cleaned manually, and ex-

perience shows that manufacturing costs increase as cleanliness decreases.

In selecting floor maintenance equipment, you will save money by specifying equipment that is capable of doing more than basic cleaning jobs. Versatile rotary equipment, for example, will do as many as ten different floor and rug maintenance jobs: scrub, polish, steel wool, disc, sand, buff, wax, grind concrete, wet shampoo rugs or dry scrub rugs, clean factory floors.

The same is true of vacuums. One that can be used for either wet or dry pick-up on floors and rugs, plus dozens of off floor jobs, will pay for itself quickly in your over-all plant maintenance program, which includes floors, walls, venetian blinds, overhead pipes, air vents, shelves, cafeterias, dispensaries, or in offices

Figure 1

Floor area figured in square feet	1 man with deck scrub brush and mop	1 man with 16' scrubber and 13" squeegee	1 man with automatic scrubber*
2,000	8 hrs.	3 hrs.	18"—9.2 minutes 30"—4.4 minutes 60"—1.3 minutes
10,000	40 hrs.	15½ hrs.	18"—46 minutes 30"—22 minutes 60"—6.5 minutes
50,000	200 hrs.	77½ hrs.	18"—3.8 hours 30"—1.8 hours 60"—32.5 minutes
120,000	480 hrs.	182 hrs.	18"—9.2 hours 30"—4.4 hours 60"—1.3 hours



*This automatic machine spreads solutions, scrubs, rinses, picks-up and dries floor in a single operation. Last column shows comparison figures among 18", 30", and 60" brush spreads.

MANAGEMENT METHODS

Cuts clerical costs 56%



Tests prove that Globe-Wernicke's Visible Records System saves up to 4½ hours of clerical time per 8 hour day, keeps your records in sight, in place and in order. See your G/W dealer or write us for full information, Dept. F-10.



CINCINNATI 12, OHIO
(Circle 584 for more information)

The Automotive Leaders

Choose
I & R
Awards!



Yes, in the big automotive industry, Irons and Russell quality jewelry products are making a lasting impression. We specialize in original designs for every type of award . . . service, sales, safety, special occasions of every kind. Whatever it is, and we even think them up for you, it will be to your advantage to contact us.

Our free illustrated folder and further information is yours upon request.

IRONS & RUSSELL COMPANY
INDUSTRIAL DIVISION

Emblem Manufacturers Since 1861
95 Chestnut Street, Providence, R. I.

(Circle 591 for more information)

OCTOBER 1956

keeping expensive equipment free of dust and other foreign matter. Reviewing your present cleaning and maintenance program may help to keep costs down if your present operations are "behind the times" in efficiency and versatility.

For more information on floor cleaning programs and equipment, circle number 698 on the Reader Service card.

plan-
ning
idea

**Driverless
tractor used in
warehouse**

An electronic tractor—that requires no operator—is at work in the food warehouse of the Fleming Company, Wichita, Kansas. Working in an undeviating path, the tractor can pull up to 6,000 pounds of freight. It not only relieves manpower for other duties, but because it works on a guided path, the danger of running off course and stripping merchandise is eliminated.

Embedded just beneath the sur-



face of the warehouse concrete floor, a guide wire emits an electronic signal which is sensed by the guidance receiver on the tractor. This signal guides the tractor left or right, and controls starting and stopping. A wire under a tape laid on the floor, or a wire strung overhead may also be used. There is no physical contact between wire and tractor. The electronic wire stretches along some 300 feet from the truck loading docks to the grocery and produce sections.

This tractor has a top speed of more than six miles per hour, but generally is operated at half that speed.

For more information, circle number 696 on Reader Service Card.

Have You Heard About . . . Have You Seen
CONVOY "Chem-Board"
RIGID, PERMANENT, INEXPENSIVE
record storage **FILES**



Chem-Board Storage Files are permanent. They cost and weigh about 50% less than steel; cost less than some corrugated paper files. They're shipped assembled, ready for use.

NOW—smooth, staple-free fronts make them suitable even for "front-office" use.

Available in letter, legal, check, deposit slip, tab card and many other sizes.

*CHEM-BOARD IS RIGIDIZED CORRUGATED BOARD PROCESSED TO REMARKABLE STRENGTH.

CONVOY, Inc.

STATION B, BOX 216-M
CANTON 6, OHIO

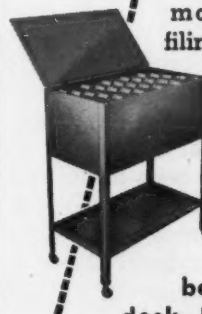
(Circle 567 for more information)



why be
a
jumping
jack?

Oxford
PENDAFLEXER

ends jumping up and down to refer to filed material in distant filing cabinets



- convenient
- saves time
- saves energy

Pendaflexer can be wheeled alongside desk. Newstyle hanging Pendaflex folders give quickest reference.

dimensions:

28 ½" high, 13 ¼" wide, 24 ¼" long.

Clip coupon for catalog, name of dealer

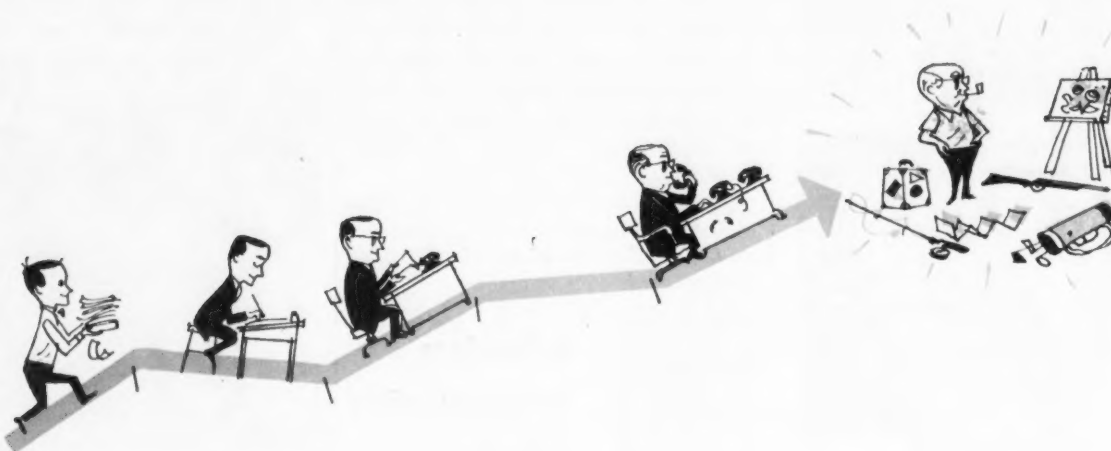
Oxford Filing Supply Co., Inc.
10 Clinton Road, Garden City, N. Y.

Name _____

Address _____

City, State _____

(Circle 606 for more information)



What's new in pension plans

EDITOR'S NOTE: Every three years Bankers Trust Company publishes a detailed study of industrial retirement plans. Because it administers 350 such plans, Bankers Trust is in an ideal position to provide this public service. The editors of **MANAGEMENT METHODS** have capsuled major items from the latest study and added our own interpretive comments to form the following article. Our purpose is to show how pension plans are being used as an increasingly important employee relations tool.

A copy of the complete 177-page Bankers Trust study may be obtained by circling number 680 on the Reader Service Card.

Because today's industrial employee is better paid than ever before, he can turn more of his attention from the present to his future. This has been one of the causes of a new upsurge of interest in industrial retirement plans.

Management has been showing equally increased interest in the values of retirement plans. It has been demonstrated countless times that a sound retirement plan benefits employee and employer alike.

Past studies by Bankers Trust Company have shown industrial pension plans following a trend of liberalization. Now a new Bankers Trust study reveals that this trend is accelerating in some respects. In other words, pension plans are generally becoming more so.

The new study is based on the

period 1953-55 and deals with retirement plans of 240 companies covering more than 4,000,000 employees (about a third of all employees covered by industrial pension plans).

Three-quarters of the plans studied are "conventional," *i.e.*, those undertaken voluntarily by companies. The rest are "pattern" plans—a standard type generally negotiated between an individual company and one of the international unions. Union-industry plans are excluded.

Employee coverage

About the only aspect of pension plans that has reached a leveling plateau is the over-all percentage of companies whose plans cover all their employees. It was once common for retirement programs to cover only certain employees, usually salaried. In the Bankers Trust study based on the period 1950-52, however, 92% of the plans covered all employees. In the new study, the figure is almost identical.

This would seem to indicate that practically all companies that can possibly make their programs all-inclusive have now done so. Undoubtedly a factor is the widespread realization among employers that pension plans can be used to attract and hold employees at all levels.

About one in four firms in the

new study operates two or more plans. Thus even though the vast majority of companies include all their people under retirement coverage, benefits may vary widely among different employee groups.

Many employers of unionized workers find it expedient to have a multi-plan pension structure in order to avoid exposing the entire structure to negotiation.

Eligibility requirements

One of the fastest moving trends is the liberalization of retirement plan eligibility requirements. Of the pattern plans studied, 53% require less than 15 years of service as a prerequisite for a pension, compared with 41% in the previous study. Of the conventional plans covered, 29% (earlier study: 21%) now operate with no membership requirements at all; any bona fide employee is included, regardless of his age or length of service.

Among the companies that do maintain an age requirement, the trend is toward a reduction in the age.

This liberalization means that pension plans are being made progressively more attractive to employees. From the employer's point of view, the cost of lowering eligibility requirements is likely to be low because of turnover. Thus both employee and employer have much to gain from the liberalization, and

These facts and figures will help decide whether your company's pension plan has kept pace.

the employer has very little to lose.

Normal retirement age

Despite widespread interest in the topic of retirement age, the study shows that the customary age of 65 remains dominant. In all of the pattern plans studied, 65 is the normal retirement age, *i.e.*, the earliest age at which an employee may retire on a normal pension. But only 27% of these plans force an employee to retire at this age; the rest either have no compulsory retirement age or specify a mandatory age later than 65. For conventional plans, the picture is about the same.

Psychologists and physicians have made clear the fact that different people are ready for retirement at different ages. Why then the general adherence to the retire-at-65 tradition? One answer is that few firms have been able to apply an accurate measuring stick to determine when an employee is too old to work. Rather than risk the inequities of attempting to judge each case on its own merits, they follow the accepted standard.

Another reason is that encouraging employees to retire at 65 or soon thereafter provides younger men with opportunities to move up into bigger jobs. The policy automatically creates upper echelon vacancies which usually set off a bottom-to-top advancement process.

(Continued on page 100)

HOW'S YOUR BUSINESS I.Q.?

Q. How can your office get peak period and rush work done without adding permanent staff?

A. Call your local Manpower, Inc. office

for TEMPORARY HELP:

- TYPISTS
- STENOS
- OFFICE WORKERS

Use our bonded, insured employees as long as you need them . . . 4 hrs., a day, a week or longer at low hourly rates.

over 90 offices from coast to coast

manpower, inc.

home office: 820 N. Plankinton Ave.

Milwaukee, Wis.

See Us at the N.Y. NATIONAL BUSINESS SHOW — October 15-18 — Booth 105E

(Circle 654 for more information)

SPACEFINDER FILES REALLY SAVE TIME, SPACE & MONEY



Independent surveys comparing shelf and drawer filing show approximately 50% savings in personnel **TIME**. No time wasted opening, closing drawers. Spacefinder doors give shelf work surface.

Surveys also show 42-50% floor **SPACE** savings due to greater capacity. Only 30-inch aisles are needed.

When you save valuable space and costly labor, you save **MONEY**. Doors protect against dust, dirt and fire, and Spacefinders, since they are welded, can be moved with contents intact.

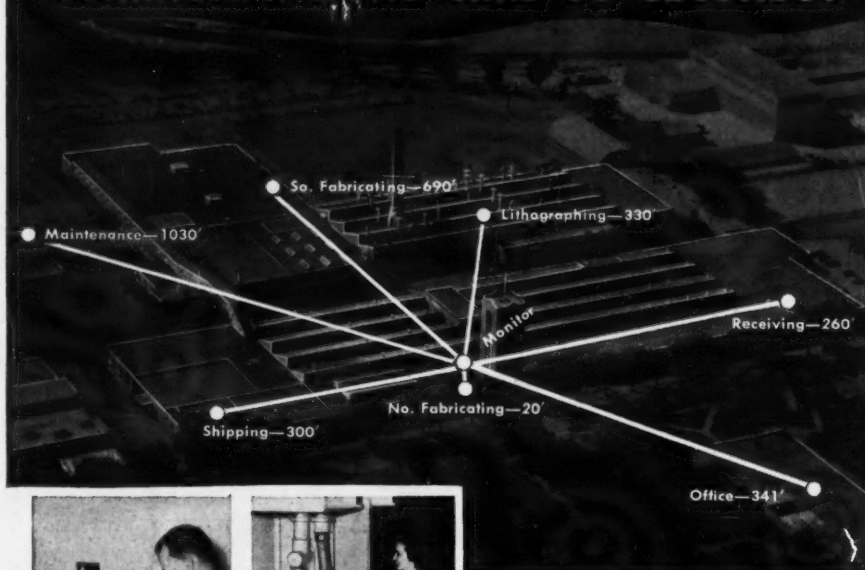


Tab Products Co., 57 Post Street, San Francisco 4.
☐ Send complete information on Spacefinder Files.
☐ (FOR PUNCHED CARD USERS) Send Catalog 7 describing your complete line of tabulating accessory equipment.

name _____ position _____
 address _____
 city _____ state _____

(Circle 626 for more information)

LAMSON AIRTUBE AUTOMATIC SWITCH SYSTEM REDUCES COMMUNICATIONS TIME TO SECONDS!



The above photograph shows the locations of stations of the Lamson Airtube system and their distances from the monitor at the vast J. L. Clark Manufacturing Co., Rockford, Ill. Distances shown in air feet. Walking distances are much greater. Every carrier passes through the monitor . . . the automatic central switching point. The monitor automatically deflects the carrier into the tube leading to the correct station. The photographs at the left show typical Airtube stations in Office and Plant.

In 300,000 Sq. Ft. Plant!

Huge as the J. L. Clark plant is, Lamson's Airtube Automatic Switch System has brought the farthest departments only seconds away from each other.

Lamson has reduced hourly trips to merely 1 or 2 daily to handle bulky items. The handling of correspondence, time cards, instruction sheets, shipping schedules, receiving slips, memorandums and requisitions between departments has increased in speed and efficiency. Executives save valuable hours of "between office" time. Supervisors can devote more time to "on the job" supervision because they're freed from message carrying.

Lamson Airtube carriers . . . also bearing small product samples and tools . . . automatically discharge at any pre-determined station. The correct station number is dialed by turning the bands on the carrier.

For complete details as to how Lamson can improve the speed and efficiency of communications in your plant, MAIL THIS COUPON TODAY.



Plants in Syracuse
and San Francisco
Offices in Principal
Cities

Lamson Corporation,
8750 Lamson Street, Syracuse, New York
Please send me a free copy of "Lamson Airtube Automatic
Switch System" Bulletin.

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

(Circle 648 for more information)

Early retirement

Although 65 is the standard age for normal retirement, an increased number of plans now include provision for retirement *before* age 65 under certain circumstances. One of these circumstances is disability (*see box*).

Another, however, is the employee's own election to retire early on a reduced pension, usually the actuarial equivalent of his accrued pension. Of the conventional plans covered, 92% provide for this kind of regular early retirement (as against 84% in the previous study). Variable requirements are company consent, a minimum length of credited service, and a minimum age (as low as age 50 for those firms that use this as a requirement).

Seventy per cent of the pattern plans provide for regular early retirement, subject to consent, service, and age requirements.

Despite the liberalization in early retirement provisions, management usually maintains control through the consent clause. Thus, whenever an employee's retirement would be contrary to the interests of the company, retirement does not take place. On the other hand, early retirement provisions offer an equitable means of weeding out employees who are ready for retirement before the standard normal retirement age. A person whose output is declining at age 60, for example, can be encouraged to leave the company on a somewhat smaller pension and supplement his income through less strenuous or part-time work. There are many circumstances when early retirement is of mutual benefit to employer and employee.

Vesting

An employee has a "vested" right in a pension plan if he can leave the service of his employer without forfeiting his accrued pension. Until the last few years, early retirement provisions were practically the only form of vesting found in pattern plans. Now this picture is changing. In the new Bankers Trust study, 27% of the pattern plans have special vesting provisions.

Vesting provisions have been common in conventional plans for some time. About 74% of these plans in the new study now provide some form of vesting; this is about the

same percentage found in the 1950-52 study.

Vesting, of course, is attractive to the employee; it frees him from the feeling that he is bound to a company for life. But since vesting provisions almost always carry age or service requirements, they do not greatly reduce the incentive for valuable employees to stay on the job.

Employee contributions

The trend in conventional plans is toward full contribution by the

SOCIAL SECURITY CHANGES AFFECT PENSION PLAN

Employers should review recent Social Security amendments to determine whether their pension plans are in line.

One amendment provides that a worker of age 50 who becomes totally and permanently disabled may receive the full Social Security benefits that he would otherwise obtain at age 65. This change takes effect next July 1.

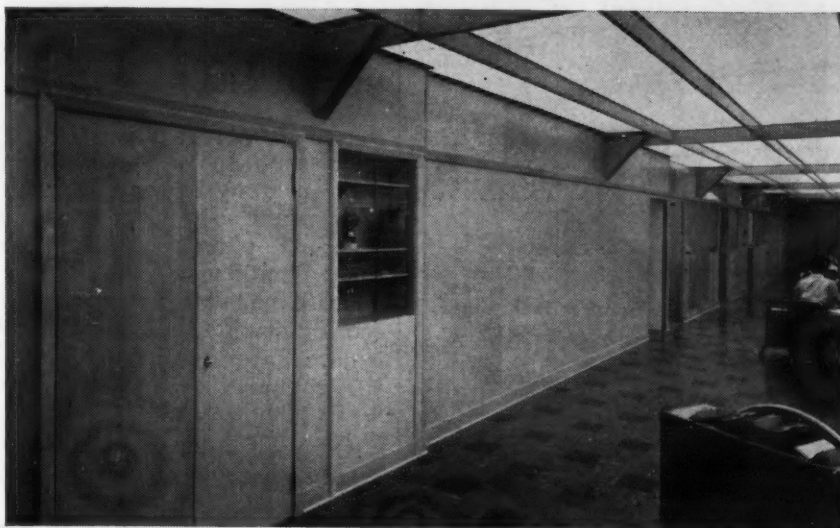
Another reduces retirement age for women workers. Most pension plans stipulate 65 as normal retirement age for both men and women. But beginning the first of next month, women workers under Social Security (as well as wives of retired workers, widows and dependent mothers of deceased workers) can begin receiving benefits at age 62.

In many cases, employees will receive the full value of these and other Social Security changes only if the pension plans under which they work are adjusted accordingly.

employer. The 1948-50 Bankers Trust study and the 1950-52 study showed 35% of the conventional plans covered were non-contributory for employees. The figure in the new study is 45%.

Significantly, the study shows a decline in the type of pension plan in which the employer makes the full contribution only up to a certain employee earning level. An example of such a plan is where the employer contributes fully on earnings up to \$3,600 and the employee makes a contribution on earnings

From factory space to wood-paneled offices quickly and economically with Weldwood Movable Partitions



Faced with a shortage of offices, the Aurora Pump Company, of Aurora, Ill., used Korina and Natural Birch Weldwood Movable Partitions to turn idle factory space into extra offices. It's hard to believe this corridor was formerly factory space. Real wood-faced partitions end painting and redecorating... need only an occasional waxing to stay beautiful forever.

Distributor: Hartmann-Sanders Co., Inc.



Exclusive metal-key joining system keeps Weldwood Movable Partitions a solid wall—yet allows them to be moved or rearranged overnight. Partitions have an incombustible Weldrok® core.



This is Korina®—a blond hardwood. Matching Weldwood flush doors carry out décor. Weldwood Movable Partitions also come in oak, birch, mahogany and other fine woods.

Send coupon for specifications and installation data. Or see Weldwood Movable Partitions at any of our 87 offices in principal cities. In Canada: Weldwood Plywood, Ltd.



Weldwood® MOVABLE PARTITIONS

A product of
UNITED STATES PLYWOOD CORPORATION
Weldwood—The Best Known Name in Plywood

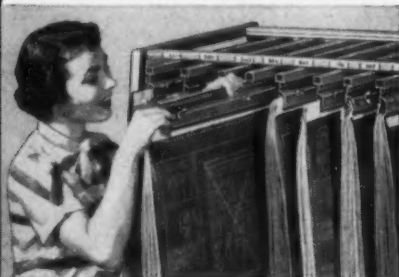
.....

• United States Plywood Corporation
• Weldwood Bldg., 55 W. 44th St., N. Y. 36, N. Y.
• Send me information on Weldwood Movable
• Partitions. MM10-56
• NAME.....
• FIRM.....
• ADDRESS.....
• CITY..... STATE.....

.....

(Circle 628 for more information)

Glider BLUE PRINT RACK



5 Ft. Hi., 4 Ft. Wd., 3 Ft. Dp.

\$94.50 F.O.B. Chicago, Ill.

per Unit including 12 Plan Holders

20 Exclusive Features including

- No Holes to Punch... Replace Any Sheet without removing other sheets.
- Just Glide In... Glide Out.
- Holds Various Sizes of Prints and Thicknesses of Sets
- Can Hold as Many as 1500 Prints
- PLUS 16 MORE FEATURES

Order Your Glider
Blue Print Rack Today
or Write for Illustrated Brochure

**MOMAR
INDUSTRIES**

4323 W. 32nd St., Chicago 23, Ill.

(Circle 655 for more information)

PLAIN OR PRINTED TO
FIT YOUR SPECIAL NEEDS

**Smith
PROJECTING SIGNALS**

Quality—Size
—Service

26

OCTO

Save time and work by flagging vital information with easy-to-use Smith Signals on original records... Larger sizes enable you to apply signals to double top folders, pressboard items as well as cards or letter paper.

Smith Signals are sturdier, last longer. Made of hard tempered steel, the jaws have stronger grip.

Available in 1/4" to 2" widths. Choice of 12 plain colors or printed alphabetically, by numbers, months or states. Special imprinting available.

See your office supply dealer
or write

CHARLES C. SMITH, INC.
EXETER, NEBRASKA

For more than 50 years, a complete line
of time-saving signals and indexes

(Circle 622 for more information)

above that figure. The decline in such plans using the \$3,600 figure is shown to be from 16% of the conventional plans covered in the 1950-52 study, to 7% in the new study.*

Employee contributions are not a significant factor under pattern plans, since employee contributions are neither required or permitted. However, in rare instances noted in the new study, employees covered by pattern plans are given the opportunity to make contributions to supplementary conventional plans.

Clearly, the trend to make conventional plans non-contributory stems from management's desire to increase the take-home pay of lower echelon employees. The added cost is offset by such advantages as the elimination of paperwork involved in deducting employee contribu-

HELP WANTED
RETIREMENT
PLAN



tions and maintaining records. More important, the Internal Revenue Code makes company contributions to pension funds wholly tax deductible.

Pension benefits

In pattern plans, there is a continuing trend toward using a retirement benefit formula providing a flat benefit for each year of credited service, independent of social security benefits. Forty per cent of the plans covered in the 1950-52 study used this criteria, 66% in the new study.

In conventional plans, there has

* In the feature, "Profile of a New Kind of Manager" in this issue is a description of an uncommon but interesting form of retirement and bonus plan—where the employer makes all contributions but where the employees make additional contributions on a voluntary basis. See page 106.

SYNTRON PAPER JOGGERS

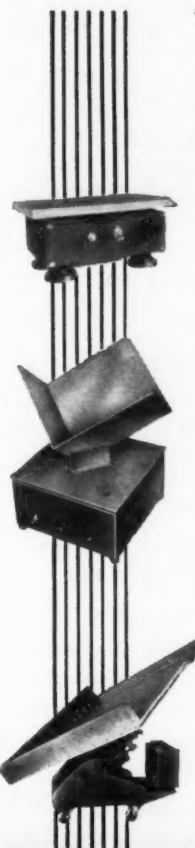
PJ-4 — Small portable vibrating paper jogger with built in variable control of power.

Ideal for jogging paper—as vibratory packer or in dental Laboratory.

BTJ-15 — Single action bin Type Jogger. Adaptable to shop or office. Automatically aligns stock to perfect register. Bin removable to provide Table desk model.

TPJ-22 — Heavy-duty jogger used where heavy lifts of large sheets are involved. Provided with rubber-tire casters for easy moving.

Controller mounted on base.



SYNTRON COMPANY

592 Lexington Ave.

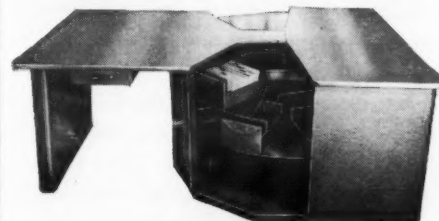
Homer City, Penna.

(Circle 625 for more information)



"I love my New Order Desk.
I find or file an Order or a
Master in Seconds!

My Boss is in better humor, too.
Before I was on my feet as much
as at my desk"



**WASSELL CORRES-FILE®
ORDER DESKS**

give finger tip control of all records. Cards and correspondence or orders can be mixed. All records instantly available.

PATENTED

Free DESCRIPTIVE CATALOG

**Effective Tools for
Effective Management**

WASSELL ORGANIZATION, INC.
Westport, Conn.

Please send free booklet on ORDER DESK

Name

Company

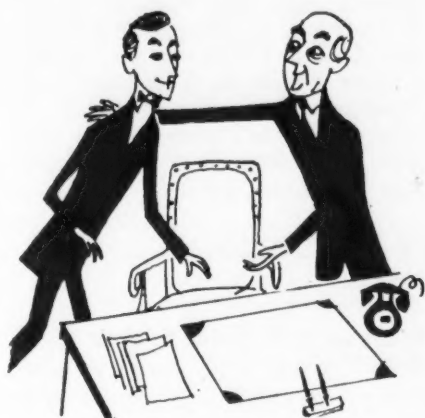
Address

City State MM

(Circle 652 for more information)

MANAGEMENT METHODS

been a continued move toward plans that relate benefits to compensation in the final years of service. "Final pay" plans have the advantage of relating benefits more



closely to the standard and cost of living of an employee at the time of retirement. Of the conventional plans in the new study, 38% provide benefits based, in whole or in part, on compensation in an employee's final years of service, compared with 28% in the previous study.

All of the pattern plans in the new study have minimum pension provisions of one kind or another but there has been a decrease in the percentage of conventional plans with set minimums (from 63% in the last study to 44% in the new one). Regarding maximum pension limitations, three-quarters of the pattern plans studied have automatic limits on the size of pension an employee can obtain. The trend in conventional plans, however, is toward liberalization or elimination of maximums. This trend is not new; it was observed in each of the past three Bankers Trust studies.

One reason some companies are eliminating maximum limitations on pensions is so that they can defer income for key employees who are subject to high income taxes. Pension plans afford a ready-made method to accomplish this, and thus to reward high-salaried executives and retain their services. This method has the advantage of an established tax status which is not open to question.

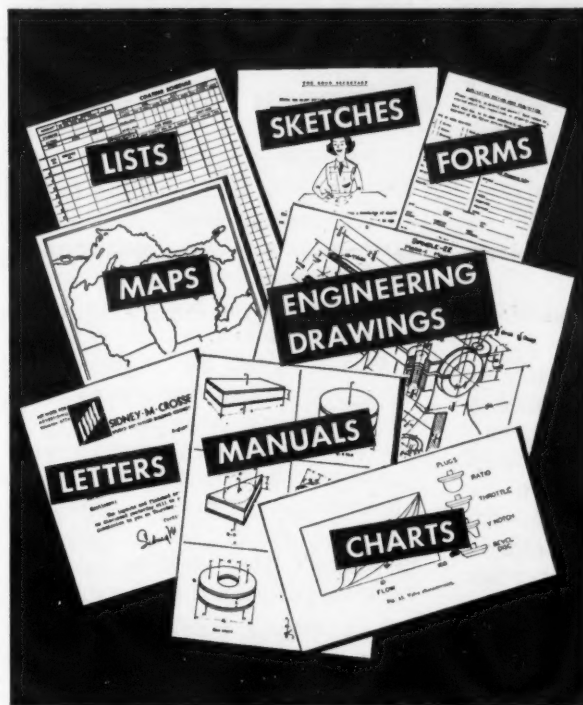
All in all, the new Bankers Trust study shows this:

Changes and refinements in pensions plans are making them a better buy for management, and a better deal for employees. m/m

SPEED PAPERWORK! CUT DUPLICATING COSTS WITH XEROGRAPHY

Copy onto masters for any of these duplicating processes

OFFSET • SPIRIT* • DIAZO



**SAVE TIME
AND MONEY
WITH
XEROGRAPHY—**

the one,
all-purpose, fast,
economical
process for
copying subjects
like these onto
masters for
duplicating by
offset, spirit
or diazo.

New developments in xerography make it the one, all-purpose, fast and economical process for copying anything written, typed, printed or drawn, onto different types of masters for duplicating, at low cost.

Now you can copy subjects like those shown above onto offset paper masters, pre-sensitized positive working metal masters, spirit (*or other fluid-type masters), translucent masters, by this versatile, photo-

exact, dry, electrostatic process.

Versatile xerography provides the solution to your copying needs. Original copy can be enlarged, reduced or made same size. Masters can be made from opaque originals or from copy on both sides. Only with Xerox® copying equipment can you prepare masters for many types of duplicating with one quick, economical process. Xerography—for speed and savings!

WRITE for "proof of performance" folders showing how xerography is saving time and thousands of dollars for companies of all kinds, large and small.

THE HALOID COMPANY

56-10X HALOID STREET, ROCHESTER 3, NEW YORK

BRANCH OFFICES IN PRINCIPAL U.S. CITIES AND TORONTO

XEROGRAPHY

(ZE-ROG-RA-FEE)

The fastest, cheapest, most versatile way to make masters for duplicating



(Circle 587 for more information)

of time, but not an undue amount because we consider planning the primary management function at Bell & Howell. We have organized ourselves and delegated our work in such a way that we now have time to spend for planning.

Q. Is it correct to say that your management boards have replaced

a more conventional type of line and staff organization?

PERCY: No, that is not true. Our boards have become a device for overcoming the specialization that tends to divorce the outlook of operating experts in engineering, for example, from those of experts in sales or manufacturing. The boards don't take major

planning chores out of the operating peoples' hands. By design, they do not become substitutes for the regular line and staff organization. Each division head is responsible for meeting division objectives. The boards are superimposed on the operating organization as a device to make possible wider inter-divisional participation by top management.

PROFIT PLANNING THROUGH "MANAGEMENT BY EXCEPTION"

B&H METHODS:

1. **Delegate to lowest level**
2. **Step in only where problems warrant**
3. **Tap optimum capabilities of everyone**

■ Under the management strategy that is now in effect at Bell & Howell Co., delegation of responsibility and authority is not considered merely a good idea to be applied when convenient. Delegation is held as a primary factor in the company's management practice. It is applied throughout the organization, from top to bottom. Because it is practiced religiously, executives have been able to remove up to 90% of the routine work from their desks. Furthermore, by

delegating decision-making to the lowest possible level, everyone at B&H—workers and management alike—is provided with an opportunity to play as big a role as his capabilities allow.

Bell & Howell uses a practice of management by exception to make its policy of delegation work. Whereas participative management in the company is used at the highest levels to get everyone into the act, management by exception is used at all other levels to get management people out of the act.

How It Works: Under the arrangement, heads of manufacturing, merchandising and all other operating divisions function as individual presidents in running their own op-

erations and meeting their individual goals. They have a completely free hand, provided only that they stay within the scope of company policy and remain on course with regard to the 60-month goals that have been set.

Division heads, in turn, delegate as much as possible of their decision-making responsibility to those under them, retaining only major planning and other top administrative duties. The process of delegation continues on a step-down basis and is given official recognition. For example, in most organizations clerks, secretaries and stenographers do many jobs not officially assigned or credited to them. At Bell & Howell every effort is made to recognize responsibility assumed and to credit initiative both in job status and pay. Thus a stenographer who takes over responsibility for records maintenance in a department has her title and salary changed accordingly. As a result, the delegation of responsibility means added opportunity and employees are eager to increase the scope of their jobs. Foremen at Bell & Howell are truly members of management in responsibility and authority, making their own decisions, doing their own hiring and running their departments as their own businesses within the limitations of company policy and their departmental budget.

Once responsibility has been assigned to a person under B&H practice of management by exception, he needs no additional authority from a higher level unless an exception must be made because of changing circumstances, or there is a breakdown or his operation gets out of control.



Executive VP Roberts:

"Over the past few years we have varied only slightly from our forecast budgets."

Only when such exceptions occur does management step in to help correct the situation.

QUESTIONS BY THE EDITORS

Q. By delegating to the very lowest possible level, do you experience a larger number of mistakes or poorer decisions than would be the case if the decisions were made at something above the lowest possible level?

PERCY: *Of course we could cite examples of mistakes and poor decisions. But these are no more prevalent—and we think they are less prevalent*

—than they would be if we kept decision-making at the higher levels. It has been our experience, however, that the person best qualified to make a decision on a given situation or problem is the person right there on the job. He may have his own particular way of dealing with a situation that is different from everybody else's way, but he is most familiar with the problem and for him, his own way of solving it is best.

Q. What is your procedure when you put your faith in someone to handle responsibility and he falls down on the job?

PERCY: *The action management takes depends upon the reason why he has fallen down on the job. It may be because management has given him a poor plan to work with or because of changed circumstances which have affected the plan. In these cases, meetings will be undertaken immediately to correct the plan. If the problem lies with the person himself—whether he is a manager, supervisor or worker—we give him a second chance to prove himself whenever it is possible to do so. Occasionally, it is necessary to move him back to a less responsible job, or even ask him to leave the company.*

PROFIT PLANNING THROUGH COMMUNICATIONS

B&H METHODS:

1. Give employees all the facts
2. Hold "annual meeting" for employees
3. Obtain workers' opinions

■ When discussing Bell & Howell Co.'s strong emphasis on keeping employees informed, President Charles Percy refers to an incident that took place sixteen years ago. Percy was a part-time employee of the company then (while in college), and spent one period in cam-

era assembly. A co-worker turned to him one day, holding a camera in his hand, and said cynically: "Look at this camera, Chuck. The customer pays \$100 for it and I've got it figured out that it only costs the company 15 bucks to make. The rest is all profit."

Years later Percy finally saw the actual cost figures on the camera; he discovered to his amazement that the profit margin was 8%, not 85%.

Says he: "I decided then that if I ever had the chance I would talk frankly and openly about financial matters within the organization."

Percy has followed through on his decision. Today Bell & Howell maintains a constant flow of information to employees, both through a formalized program and by the use of informal, indirect methods. Some of the information that is distributed freely to employees throughout the organization, and more that goes to long-time employees, would be handled as carefully guarded, highly confidential material in most other companies.

Family Night: One communication method used is a Family Night program, held annually for employees at B&H's Chicago plants as well as its film plant in Rochester, N.Y. Family Night follows a pattern somewhat similar to an annual meeting for shareholders, and is based on the theory that people who are investing their lives in a business are equally as interested in its operation as those who are investing their money. Attendance figures at Family Night over the past seven years prove the point. Although there is no obligation to attend, a majority bring their wives or other members of their families.

Extensive planning goes into the Family Nights. No expense is spared to make it an evening of fun and entertainment, but each year a half hour is devoted to Mr. Percy's

President Percy:

"We have organized ourselves in such a way that we now have time for planning."



report to employees, his interpretation of the company's financial position, results of the past year and plans for the future.

"We talk profits," says Percy, "and we never speak defensively. Year after year we try to prove to B&H people that it is good for them as well as good for the company to earn a reasonable profit. In many different ways we ask the questions, 'How would you like to work for a company that did not earn good profits? Would you feel a sense of job security? Would you have confidence in the company management? Would you feel that you had opportunity for the future?' We tell our employees that we are proud when we make profits and ashamed when we don't."

Other Methods: Many other programs are part of B&H's constant effort to keep people informed. In the area of management communication, monthly "executive" meetings are held, attended by some 300 executives, supervisors and shop foremen. They see and hear a carefully prepared presentation on important company problems and programs. These meetings are used as a means of informing the entire management group of pending changes or actions before word is passed along to the employee group and the public.

The company's bi-monthly publication, *The Finder*, is used for management communication with employees in addition to the general employee and company news. Each issue contains a column by President Percy called "As I See It," covering over-all company policies and philosophies in straightforward language.

Frequent letters are sent to employees at their homes. In most cases, really important news, such as the announcement of a new product or the acquisition of an interest in another concern, is first given to the management group, then followed by a letter to employees, and only then released to the press and the public.

Special Projects: Under unusual circumstances, special, supplementary communications projects may be undertaken. An example was the

introduction of a new profit sharing plan two years ago (see details of plan in next section). Some of the details of the plan are complex, and the B&H top management wanted to make certain that every employee understood these details thoroughly.

To achieve this understanding, detailed instruction material was prepared and a special training program worked out. The entire executive staff was trained in presenting the material. Each executive then gave a detailed explanation to a small group of department heads and foremen. These supervisors, in turn, told the story in face-to-face meetings with their employees, answering questions fully.

The presentation was supplemented by *Finder* articles, bulletins, and letters to employees' homes.

"The plan was not a simple one to grasp," says Executive Vice President Roberts. "It needed and it got careful and complete explanation. As a result it was enthusiastically received and 94% of our employees signed up to make voluntary contributions to the plan."

QUESTIONS BY THE EDITORS

Q. Can you directly attribute success in meeting your profit goals to your emphasis on keeping people

in your company informed?

PERCY: *There is no way to actually measure the results of our communications programs. But we are thoroughly convinced that when the organization, from top to bottom, understands the over-all aims, objectives, problems, hopes and aspirations of the company, everyone does a better job of carrying out the company program.*

You know, it is often said that "big business" has a competitive advantage over small and medium sized concerns. Big companies, to be sure, do enjoy certain advantages, but smaller companies also have inherent advantages. One key advantage in smaller firms is management's ability to meet face-to-face with every member of the organization and his family.

Q. You have a thorough program of management communication with employees, but do you provide a means for employees to communicate back up to management?

W. L. JOHNSON (Vice President, Industrial Relations): *We use many methods. For one thing, we conduct periodic employee opinion surveys to find out how people feel about the company as a whole, as well as about specific programs and policies. We often solicit employee suggestions on matters of general interest or when bottlenecks occur. All top management personnel encourage anyone with a serious problem to bring it directly to us if he can't get it solved by his superior or the Personnel Division.*

PROFIT PLANNING THROUGH PROFIT SHARING

B&H METHODS:

1. **Relate pay directly to output**
2. **Set up liberal profit participation**
3. **Help employees plan for retirement**

■ Profit sharing is part of Bell & Howell Co.'s underlying effort to make every employee feel that, by working for this company, he is in a sense in business for himself.

Under the provisions of the plan, the company turns over to the trustees of the profit sharing fund each year 20% of net operating profits before taxes. The only prerequisite to this contribution is

that a 5% return must have been earned on the stockholders' investment.

Employees enjoy the fruits of profit participation whether or not they choose to make their own contributions to the fund. And when an employee authorizes payroll deductions for the fund of a minimum of 2% to a maximum of 6% of his paycheck, the company contributes an additional 1% in his name. More than nine-tenths of the employees take advantage of this added means of profit participation.

(Continued on page 109)

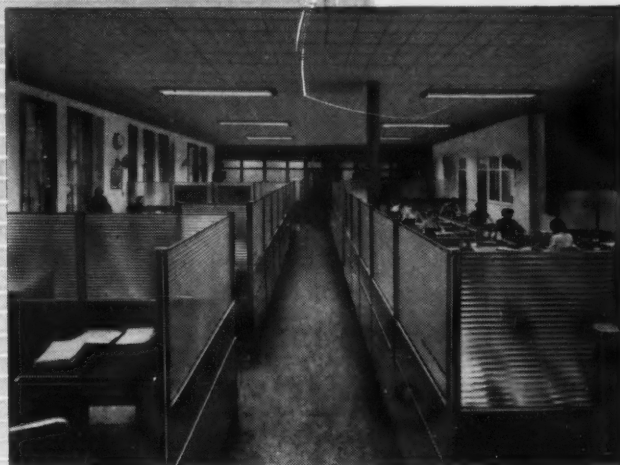
The OFFICE
with a FUTURE
is Equipped with

Arnot

PARTITION-ettes*†

- ... it is classic-modern in appearance
- ... it is tailor-fit to present needs ...
yet limitlessly flexible for expansion
- ... it encourages the neatness and
efficiency that insure progress
and growth

From a single inventory of Arnot
components, you can select
PARTITION-ettes and Modular
Furniture, OFFICE-ettes†,
conventional desks and tables,
conference and overhang
desks, executive office
furniture and credenzas...
all in genuine walnut or steel.



Sponsors of
A NEW WAY
OF LIFE
IN THE OFFICE



*Pat Pending †Trade Mark
†Licensed under DuPont Patent

Write for colorful Brochure
entitled "A New Way Of
Life In The Office",
illustrating use of Arnot
PARTITION-ettes and
furniture components.

ARNOT-JAMESTOWN DIVISION
Aetna Steel Products Corporation
Jamestown, New York

Gentlemen:

Dept. 106

I'd like to know more about the Arnot furniture components
and PARTITION-ettes and receive literature.

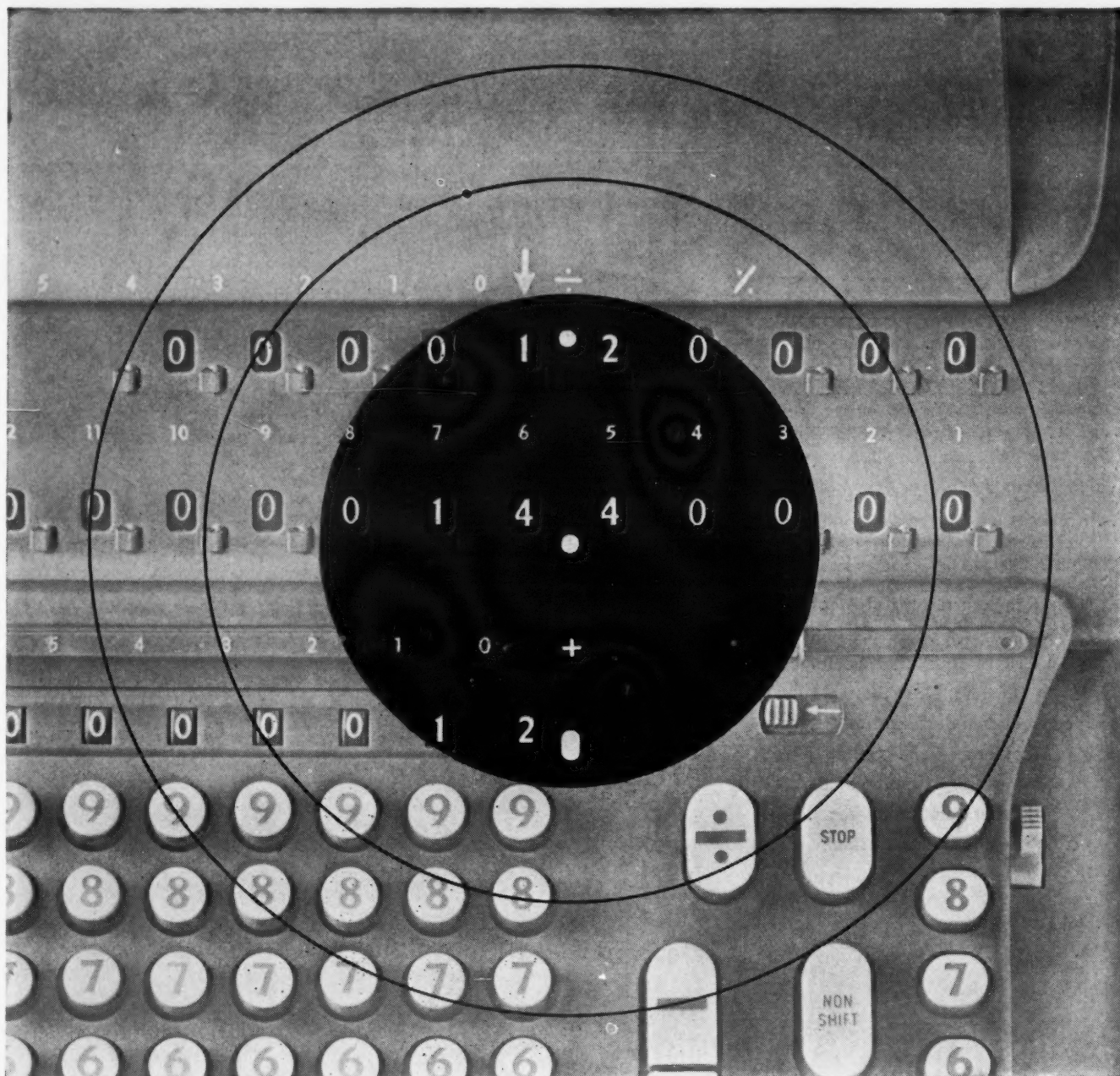
NAME _____ TITLE _____

FIRM NAME _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

(Circle 559 for more information)



You can't miss with a Marchant!

When you multiply on a Marchant it's a bull's-eye every time. You know your answer is *right* because Marchant is the only American calculator with positive three-dial proof of accuracy.

At the end of a multiplication problem the number to be multiplied is in the Lower, or Keyboard Dials...the multiplier is in the Upper Dials...and the answer is in the Middle Dials.

You get this same *visible* proof when dividing, adding and subtracting...in any calculation. This is just one of the

many accuracy controls built into every Marchant calculator. Anyone in your office — after brief instruction — can operate a Marchant efficiently.

Marchant has always led the field in developing calculators with unmatched speed and simplicity of operation. Add these advantages to Marchant's exclusive accuracy controls and the answer is maximum figurework output with a minimum of operator time and effort.

Call the local MARCHANT MAN. Let him show you how Marchant's

many exclusive operating advantages can contribute substantially to more efficient, more profitable operation of your business.

Mail this coupon, with your business letterhead, to the address below for free

Descriptive Literature on D-10
Marchant Calculators ☐

Index to Modern Figuring by
Marchant Methods ☐



MARCHANT CALCULATORS, INC., OAKLAND 8, CALIFORNIA

(Circle 593 for more information)

MANAGEMENT METHODS



Some of the members of B&H's Research Board discuss a new product idea: (l to r) Engineering Vice President M. G. Townsley, Treasurer J. P. Buchan, Head of Product Planning R. D. Higgins, and Executive Vice President Roberts.

The profit sharing fund, including accrued interest on investments, serves to provide employees with both an annual profit sharing bonus and with retirement income.

The cash bonuses—paid just before Christmas—are substantial. The Christmas bonus has first call on the profit sharing fund, the amount of the individual bonus depending upon the employee's wage or salary level and seniority.

The profit sharing fund is divided as follows: First, the cash Christmas bonuses are paid and, second, a "booster contribution" of 1% of salary for all employees who choose to contribute from 2% to 6% to build their retirement accounts. The balance of the fund is then divided among the individual accounts on a point basis. Points are computed on salary and seniority, an employee earning one point for each \$100 of annual salary or, for example, 50 salary points for \$5,000 salary. Seniority points equal 4% of salary

points for each year up to 25. Thus 10 years would give an employee an additional 40% of the 50 salary points, or 20 seniority points, adding up to a total of 70 points.

The value of the point, of course, is the total amount of profit sharing for the year (20% of operating profits before taxes), minus the Christmas bonus and "booster" contributions, divided by the total salary and seniority points for all employees. In 1955 the point was \$4.17, netting the employee with 10 years seniority and \$5,000 annual salary \$292 as his share.

Added to the sum are his own contributions, plus the company contributions of 1% of his annual salary if he is a contributor, his Christmas bonus of \$154 (paid in cash), plus his share of the earnings (interest and dividends) of the fund and the "remainders." Remainders are funds left by employees who leave the company before they have 100% vested interest in their accounts.

(They earn 10% vested interest per year, receive the entire amount upon leaving after 10 years. At any time, of course, they receive the entire amount of their own contributions.)

Last year over a million dollars was added to the fund by the company. Each employee receives a statement of his account in April itemizing the amount transferred from previous years and amounts added for the current year.

Retirement income: The retirement planning aspects of the profit sharing plan are considered by B&H management to be more important as an incentive for workers than the more immediate benefits of the bonuses. Consciously or subconsciously, say the company's executives, almost every person is deeply concerned about the financial security he hopes to have in later years.

Retirement training: Despite the

importance B&H attaches to its program of providing retirement income for employees, B&H looks at its program realistically. The company admits that simply providing a certain amount of income for retirement is not a panacea that solves all retirement problems.

To cover the shortcomings, B&H has devised and put into effect a program of training employees for retirement. It is one of the leading retirement training programs in American industry. Often a B&H worker or executive begins taking part in the program 15 or more years before his tentative retirement date.

The program consists of a series of 11 weekly seminars conducted several times each year by Industrial Relations Vice President William L. Johnson. Each year's group consists of about 25 people—employees and their wives. In discussions led by Vice President Johnson or a guest speaker (i.e., a representative of the Social Security

Administration), the groups cover all aspects of retirement planning: health, housing, finances, proper use of the free time retirement provides, as well as psychological, human relations and family problems of older people.

The company has put into effect a firm policy of retirement no later than at age 68. Employees who remain working after age 65 will be required to take a full month's leave of absence after the first year, two months the second year, and three months the third. These leaves of absence are in addition to the regular vacation period. This policy is slated to take full effect in 1958.

QUESTIONS BY THE EDITORS

Q. When annual profit sharing bonuses are paid out to employees year after year, don't they become an expected routine, and lose their effectiveness as an incentive?

J. N. LATTER (Controller): No, because our employees understand that there is nothing inevitable about the

bonus—it depends upon our making a profit. Also because the bonus is based on a percentage of salary, the percentage rising with seniority, individual bonuses increase each year for most employees. But the cash bonus is only one part of profit sharing, and we believe that the amounts credited to the individual profit sharing retirement accounts each year provide the more effective incentive. These amounts, of course, are directly related to the size of company earnings.

Q. Are the retirement planning seminars held on company time or after hours?

W. L. JOHNSON (Vice President, Industrial Relations): The seminars are held from 3:30 to 5:00 p.m.

Q. Is attendance required at the retirement planning seminars, or do older workers attend of their own volition?

JOHNSON: Attendance is voluntary. Employees over 50 are invited to attend and bring their wives or husbands. Evidence of the effectiveness of the program is that the number of voluntary retirements has tripled.

PROFIT PLANNING THROUGH PERFORMANCE RATING

B&H METHODS:

1. Have employees rate themselves
2. Set specific improvement goals
3. Measure group performance

■ Soon after Charles Percy became president of Bell & Howell Co. in 1949, he began making informal surveys of employees' attitudes. He found that one of the most common problems among workers was that they didn't know where they stood with their bosses—and thus with the company.

To overcome this problem—and to boost worker output and thus profits—a program was devised to let people know where they stand, and exactly how they are doing. Performance rating is conducted on both an individual basis and on a divisional and work group basis.

Individual ratings: The first step in individual performance rating is for each person to rate himself. This process takes place at least once a year, and usually every six months for most employees.

Standard rating forms are used. Each person indicates the areas of his own work in which he feels he is turning in acceptable performance, the areas in which he feels he is particularly strong, and the areas where he feels he is weak and needs to concentrate his efforts for improvement.

At the same time he is rating himself, the employee is rated in a similar way by his direct superior. Then, in an informal meeting between employee and superior, the ratings are compared. In most cases, the ratings agree, at least on major points. The employee's performance is discussed and a plan of action is worked out for overcoming weaknesses. Specific development goals are set whenever possible.

The biggest advantage of the arrangement is that it overcomes the main drawback of the ordinary performance interview. The superior is not in the often awkward position of telling a subordinate what's wrong with his work. The em-

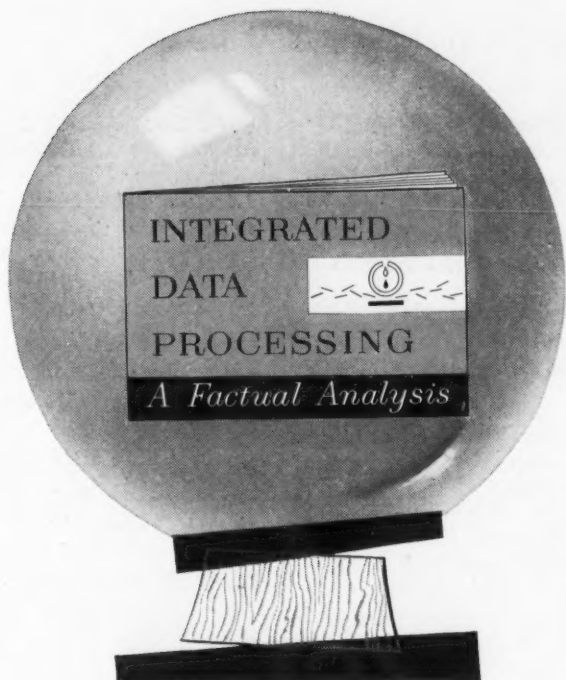
ployee, as a result of the self-analysis he makes in rating himself, already realizes where he is weak and where he is strong. Since this is predetermined, the interview is devoted primarily to finding ways to overcome weaknesses—and, wherever possible, the superior lets the employee work out his own plan of development action.

President Percy has found that the company's merit rating technique has two by-product advantages. First, it opens a broad avenue of upward communication, from employee to management. Second, it provides a constant up-to-date inventory of company personnel, showing what special talents are available and helping to place the right man in the right job.

Merit rating is company-wide. Even Mr. Percy is rated annually by two or three of his vice presidents, who then discuss with him areas for personal improvement.

Group ratings: As a means of stimu-

(Continued on page 112)



Can I. D. P. save your company money? YOU'LL FIND THE PROFITABLE ANSWERS IN THIS FREE BOOK

Automation of your office can start with this free book. It tells you what Integrated Data Processing is, how simply it can be applied to your business, how little it will cost you, how to start and where to start your program.

It tells you how DITTO gives you Integrated Data Processing in its simplest and most inexpensive form. Regardless of whether you are concerned with processing of data

within a single department, between departments, or throughout the branches and plants of a nation-wide organization, this book is a guide to money saving and increased efficiency for you.

Below are representative examples of companies like your own which are already enjoying the benefits of DITTO Integrated Data Processing:

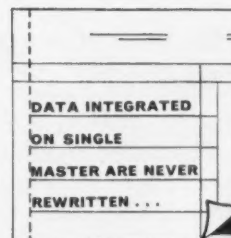
***How DITTO
I. D. P.
saves money:**

**ORDER-INVOICE,
Rubber Goods**
manufacturer saves
\$27,000 a year

**PRODUCTION
Hardware manufac-**
turer saves \$24,000
a year

**PURCHASE-
RECEIVING
Military Aircraft**
manufacturer saves
\$50,000 annually

**PAYROLL
Construction Engi-**
neering company
saves \$30,000
annually



DITTO®

* Send for complete case histories telling how these savings are made.
Take the First Step to Automation in Your Office—MAIL COUPON TODAY.

DITTO, Incorporated, 6846 N. McCormick Rd., Chicago 45, Ill.

DITTO, of Canada Ltd., Toronto, Ontario

DITTO, (Britain) Ltd., 126/128 New Kings Road, Fulham, London, S.W. 6 England

At no cost or obligation, please send us:

- ☐ Integrated Data Processing Brochure
☐ Case histories and information on how you can save us money, time and effort with DITTO I. D. P. for:
☐ Order-Billing ☐ Production ☐ Purchase-Receiving
☐ Payroll ☐ Inventory ☐ Other

Name, Position _____

Company _____

Address _____

City _____ County _____ State _____

(Circle 574 for more information)

lating teamwork within departments and other groups, the group rating procedure is used.

At the top level, Percy and Roberts establish six-month and 12-month objectives for each operating division. Division heads take part in setting these objectives. Each week, the division head prepares a very brief report highlighting important accomplishments and problems. These reports help to spotlight potential trouble areas; corrective action can thus be taken before the problem becomes serious.

At the end of the six- and 12-month periods, accomplishments with regard to the established goals are tallied and reviewed. The results are used as a means of deciding on salary increases and bonus payments for extra performance.

A similar process of group performance review is used for the smaller work groups within each division.

QUESTIONS BY THE EDITORS

Q. Do you find that employees are willing and able to rate their own strengths and weaknesses objectively?

W. L. JOHNSON (Vice President, Industrial Relations): *At first there may be some hesitancy and they may be inclined to over- or under-rate their performance. But they soon learn the value of an opportunity to have their supervisor's undivided attention upon their problems, and become more and more objective in their self-evaluation.*

Q. What is your procedure when there is a wide variance between

an employee's rating of himself and his superior's rating of him?

JOHNSON: *The Industrial Relations Division will attempt, by interviews, to determine the cause—whether the employee is under- or over-rating himself or being mis-rated by his supervisor.*

Q. Is there evidence that the performance rating program, and particularly the self-rating aspects of it, is instrumental in reducing accidents, waste and other problems?

JOHNSON: *No direct evidence, although improved individual observance of safety rules and reduction of waste is often noted. Incidentally, B&H's safety record is outstanding—two million consecutive man-hours worked without a lost time accident in 1955. Our cost reduction program has been greatly stepped-up by profit sharing.*

PROFIT PLANNING THROUGH DIVERSIFICATION

B&H METHODS

1. **Accept foreign competition as a favorable stimulus**
2. **Concentrate on advanced engineering and production**
3. **Diversify into mass markets and other fields**

■ As a manufacturer of motion picture cameras and other photographic equipment and supplies, Bell & Howell Co. is subject to powerful competition from a number of foreign countries: Germany, Japan, England, Switzerland, Austria, Belgium. Despite the fact the B&H must battle so-called "cheap labor" competition, President Charles Percy is strongly in favor of freer trade. For many years he has stumped for a general reduction of U.S. tariff protection. Among his major points: international friendship historically follows the trade routes, and most other nations of the free world would rather be able to trade with the U.S. than to receive her aid.

Invited to testify on this subject before the House Ways and Means Committee last year Mr. Percy said: "I believe that a gradual liberalization of our foreign trade will help to further improve the effi-

ciency of American industry, will increase our productivity, lower our unit costs of production and increase our standard of living. . . . There is a fallacy in saying we are competing with cheap foreign labor. Really, what we are doing is competing with the efficiency of the automotive industry . . . because Detroit uses American labor relatively more efficiently."*

A Change in Direction: Soon after he stepped into the presidency, Percy's reasoning in the area of freer trade was instrumental in the company altering its course of operations. The new tack resulted from an experience that began just prior to World War II. Bell & Howell had decided to enter the high-priced 35mm still camera field. A camera was developed and placed on the market. It was an exceptionally fine instrument and was purchased by some of the world's leading professional photographers.

**Printed transcript of this testimony is available in limited quantity to MANAGEMENT METHODS' readers. For a copy address the editor or circle number 700 on the Reader Service Card in the back of this issue.*

This was an expensive camera, however, because it was difficult to manufacture. It required many hand operations and could not be mass produced. In competition with German camera makers, B&H's 35mm camera project was soon \$1½ million in the red.

"It was at that time," Says President Percy, "that we began to appraise our attitude toward our national foreign trade policy. The temptation, of course, was to seek higher tariff protection. We were forced to face the question: Shall the national interest be subordinated to our own special interest? We decided it should not be. We felt we had no right to ask the American people to pay a higher price for foreign cameras simply because we had decided to go into this particular field and could not compete."

In 1952, production of the Bell & Howell 35mm camera was discontinued and the company's over-all position in the photo equipment industry was subjected to scrutiny.

Clearly, with labor rates often eight times higher than foreign camera makers, B&H could not hope

(Continued on page 114)



Swift and noiseless

There is nothing faster* and quieter than the new ADDO-X 10 key adding machines with **STEP-O-MATIC MULTIPLIER LEVER**. ADDO-X's lightness and shortness of key action minimizes finger travel and saves operator's energy. Precision manufacture reduces operational noise to a whisper. Write for literature† today.

ADDO MACHINE COMPANY, INC.

145 WEST 57TH STREET, NEW YORK 19, N.Y.

WEST COAST BRANCH

WESTERN ADDO MACHINE CORP., 2921 BEVERLY BLVD.
LOS ANGELES, CALIFORNIA, TEL.: DUNKIRK 5-2247



* At 175 r.p.m.

† Also on our NEW two register machine

For further details mail this advertisement with your letterhead.

to compete on a handicraft basis. So instead, the company determined to alter its direction and follow this course of action:

1. Counter-balance high labor costs through the ever-widening use of advanced engineering and advanced methods of production, particularly mechanization and automation.

2. Continue to supply the markets for higher priced semi-professional and professional equipment (including most Hollywood studios, for example), but in addition, enter the lower-priced market for amateur-type equipment that could be mass produced.

3. Diversify in the photo equipment field, and also into other related fields, as a means of providing a broad, stable and flexible base for future profits.

Amateur Camera Market: As a preliminary and preparatory step in its effort to create a dominant place for itself in the amateur movie camera market, Bell & Howell conducted numerous market surveys. These studies showed that 78% of the public were interested in making their own movies, but that nine out of ten of these people had no artistic aspirations beyond the recording of family events and vacations. They expressed little interest in complicated equipment capable of producing Hollywood effects. Instead they said they wanted equipment that was economical and simple to operate.

B&H's top management came together in a Research Board meeting and set as the company's goal the development of an 8mm movie camera priced to sell for less than \$50. This was a challenging objective. In 1939, B&H had produced a movie camera in this price range, but at that time labor costs were \$.40 an hour as against the then current rate of about \$2 an hour. Nonetheless, engineers, management personnel and others in the company put their heads together and tackled the problem. By ingeniously simplifying the design and devising the most modern mass-production methods, it was not long before a high-quality, low-cost B&H movie camera was on the market. This camera is now selling for \$39.95, well under the original price goal.

Diversification: When the decision was made to broaden the company's product range, Bell & Howell already possessed a fairly diversified line of products. For example, since 1946 it had been in the microfilm equipment field.

But now the company wanted to diversify still further. It purchased the Three Dimension Company of Chicago, a leading maker of slide projectors and tape recorders. This firm now operates as the TDC Division of Bell & Howell and has been an important means of broadening product range. It has expanded its line of tape recorders, developed a series of new stereo cameras, and introduced a line of high fidelity radio-phonograph-tape recorder consoles, as well as a fully automatic slide projector and other products.

Another acquisition in 1954 was the De Vry Corp., which added to B&H's line of heavy duty 16mm sound projectors for military and commercial use.

PROFILE OF THE NEW KIND OF MANAGER

■ Charles H. Percy has made the statement that small and medium sized companies enjoy many operating advantages over the corporate giants. An increasing number of companies are coming to share this opinion—result: more corporate decentralization.

Bell & Howell, by tripling its sales in the past seven years, has demonstrated that a company which takes advantage of the opportunities its size offers will grow at a faster than normal rate.

But B&H has grown not only because it has seized the advantages of its size. Equally important, the company has grown because its management has been alert in adapting the management methods of "big business" and has incorporated these methods into its own over-all management strategy.

In so doing, the members of Bell & Howell's management team have shown themselves to be representative of today's new kind of manager. These management men have freed themselves from much of the day-

QUESTIONS BY THE EDITORS

Q. Generally speaking, do you think that the advanced technology of American industry puts us on a favorable par competitively with countries where labor costs are only a fraction of ours?

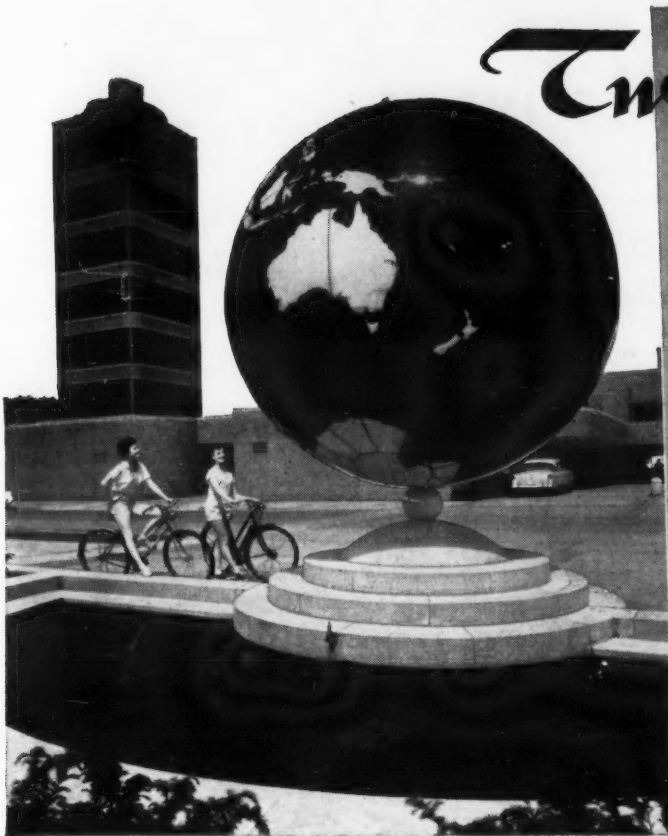
PERCY: Yes, and here's an example to prove it. Recently, our lens designers developed an improved lens for motion picture cameras. To determine whether we should make it or buy it to our specifications, our Purchasing Division secured quotations from a number of foreign manufacturers as well as from our own Lens Division. We do this in line with our policy that all captive manufacturing units within the company must remain strong by being competitive in their prices with outside sources. On a strictly competitive basis, our Lens Division secured the business. Despite the enormous disparity in hourly labor rates, the ingenious techniques developed by our staff produced so low a unit cost that, even without tariff protection, our bid would still have been below that of our foreign competition.

to-day operating routines that so often trap executives, and have devoted themselves to the true management function of planning ahead—for profit. Every program within the company is aligned to this key factor of profit planning.

Is the Bell & Howell management strategy unique? Yes, but only in the respect that it has been molded to fit the particular needs and specific problems of a given company. The ingredients of Bell & Howell's management strategy are among the most basic of management methods. They are being adapted, combined and applied by enlightened administrative managers in companies of all sizes and types—with results relatively as great as those achieved by Bell & Howell. m/m

Reprints of this article are available at the following prices:

Single reprints	\$1.00
Five reprints	2.50
Six to 99	40¢ each
100 or over	35¢ each



S. C. Johnson & Son, Inc., famous manufacturer of quality wax products for home and industry, uses Copyflex to speed and simplify purchasing-receiving paperwork. Receiving data is added on to a translucent copy of the purchase order, and Copyflex copies—made mechanically without further writing—serve as receiving reports and notices. No costly rewriting or retyping of basic order information, no manual copying errors.



The American Steel & Wire Division of the United States Steel Corporation, world's greatest producer and fabricator of steel, gets out a wide variety of paperwork on a fast, one-writing basis with Copyflex. Accounting reports, works standards, and production orders are mechanically reproduced directly from written worksheets. Elimination of manual transcription speeds processing of important information, saves thousands of dollars annually in clerical costs.

BRUNING

Copies anything typed, written, printed or drawn on ordinary translucent paper—in seconds.

Copyflex

Specialists in Copying Since 1897

CHARLES BRUNING COMPANY, INCORPORATED
4700 MONTROSE AVENUE • CHICAGO 41, ILLINOIS

^{*}In Canada: Charles Bruning Co. (Canada), Ltd., 105 Church St., Toronto 1, Ont.

(Circle 562 for more information)

Two First-Line Companies Eliminate a Big Cost of Major Business Operations

with Revolutionary Copyflex One-Writing Method!

Throughout America, alert companies like those described here are simplifying and speeding major business operations with the revolutionary one-writing method made possible by modern Copyflex copying machines. You surely can, too!

With Copyflex, you write basic information only once—the entire series of copies needed to complete any systematized business operation are mechanically reproduced from the original. You eliminate the big cost and delay for retyping or rewriting constant information from one form to another.

Copyflex machines are clean, odorless, economical—letter-size copies cost less than a penny each for materials. Copyflex will fit readily into your present systems. Mail coupon today—it can mean important savings for you.

Bruning gives you the product and service you need when you need it! Plants at Teterboro, N.J., Chicago, Kansas City, Los Angeles, and Toronto. Sales-service offices in 30 principal cities in the United States and Canada.

See Copyflex in action at the International Systems meeting, Philadelphia, October 22-24.



Desk top Model 100 Copyflex copies originals 11 inches wide by any length. Makes up to 300 copies of different letter-size originals per hour. Only \$498.50. Other models available to copy originals up to 46 inches wide.

Charles Bruning Company, Inc., Dept. 102F
4700 Montrose Avenue, Chicago 41, Illinois

Please send me information on the Copyflex process and machines.

Name _____ Title _____

Company _____

Address _____

City _____ County _____ State _____

ADVERTISING INDEX

Acco Products, Inc. 63 Agency: La Porte & Austin, Inc.	Filmsort Division 91	Ozolid Division 16, 32 Agency: Benton & Bowles, Inc.
Acme Visible Records, Inc. 84 Agency: E. H. Brown Advertising	General Electric Co. 7 Agency: Young & Rubicam, Inc.	Peirce Dictation Systems 24, 25 Agency: Serstel Advertising Co.
Addo Machine Co. 113 Agency: The F. W. Prella Co.	The General Fireproofing Co. Inside Front Cover Agency: The Griswold-Eshleman Co.	Pfaelzer Brothers 74 Agency: Slauf Advertising
Addressograph-Multigraph Corp. 23 Agency: Griswold-Eshleman Co.	The Globe-Wernicke Co. 97 Agency: The Eddy-Rucker-Nickels Co.	Photostat Corp. 15 Agency: Knight & Gilbert Inc.
Aero Mayflower Transit Co. 4 Agency: Caldwell, Larkin & Sidener-Van Riper, Inc.	George B. Graff Co. 21 Agency: The Eddy-Rucker-Nickels Co.	Pitney Bowes, Inc. 11, 22, 70 Agency: L. E. McGivena & Co., Inc.
American Lithofold Corp. 87 Agency: Burlingame-Grossman Advertising	Graphic Systems 67 Agency: Diener & Dorskind, Inc.	Plastic Binding Corp. 66 Agency: Burlingame-Grossman Advertising
Arnot-Jamestown 107 Agency: Alfred J. Silberstein, Bert Goldsmith, Inc.	G. R. Products, Inc. 79 Agency: Norman-Naven, Inc.	Recordak Corp., Subsidiary of Eastman Kodak Co. 50 Agency: J. Walter Thompson Co.
Automatic Electric Co. 26 Agency: Proebsting, Taylor Inc.	The Haloid Co. 103 Agency: Hutchins Advertising Co.	Record Files, Inc. 67 Agency: Seiple Lithograph Co.
Avery Adhesive Label Corp. 77 Agency: Martin R. Klitten Co., Inc.	Hamilton Mfg. Corp. 16 Agency: Caldwell, Larkin & Sidener-Van Riper, Inc.	Remington Rand Inc. 44 Agency: Paris & Peart, Inc.
Baltimore Business Forms Co. 68 Agency: Vansant, Dugdale & Co., Inc.	Hammermill Paper Co. 42 Agency: Batten, Barton, Durstine & Osborn, Inc.	Reynolds & Reynolds Co. 83 Agency: Weber, Geiger & Kalat, Inc.
Bienfang Paper Co., Inc. 78 Agency: Gregory Ruffa Advertising	R. O. H. Hill, Inc. 88 Agency: Reed-Warren	Rising Paper Co. 20 Agency: Gordon F. Baird
Charles Bruning Co., Inc. 115 Agency: H. W. Kastor & Sons Advertising	International Business Machines Inside Back Cover Agency: Benton & Bowles, Inc.	Rudd-Melikian, Inc. 5 Agency: Gray & Rogers Advertising
Business Electronics, Inc. 67 Agency: Don L. Burgess Advertising Services	Irons & Russell Co. 97 Agency: Knight & Gilbert, Inc.	Security Steel Equipment Corp. 92 Agency: Kenyon-Baker Co., Inc.
Calculagraph Co. 82 Agency: Reid, Decker & Stocki, Inc.	Lamson Corp. 100 Agency: Chapman-Nowak & Associates, Inc.	The Shaw-Walker Co. 96 Agency: J. Walter Thompson Co.
The Celotex Corp. 9 Agency: MacFarland, Aveyard & Co.	James Lees & Sons Co. 2 Agency: D'Arcy Advertising Co.	Charles C. Smith, Inc. 102 Agency: Ayres, Swanson & Associates, Inc.
Columbia Ribbon & Carbon Mfg. Co., Inc. 72 Agency: E. M. Freystadt Associates, Inc.	Management Publishing Corp. 65 SCIENTIFIC INVENTORY CONTROL	Sten-C-Lab, Inc. 80 Agency: Park Advertising, Inc.
Commercial Controls Corp. 75 Agency: Hutchins Advertising Co.	WORKSHOP FOR MANAGEMENT 88	Stromberg-Carlson Co. 76 Agency: Charles L. Rumrill & Co.
Convoy, Inc. 97 Agency: Rex Farrall, Inc.	Manpower, Inc. 99 Agency: Fromstein & Levy	The Sturgis Posture Chair Co. 96 Agency: Blaco Advertising Agency
Corry Jamestown Mfg. Corp. 12 Agency: W. S. Walker Advertising, Inc.	Marchant Calculating Machines, Inc. 108 Agency: Doremus & Co.	Syntron Co. 102 Agency: Servad, Inc.
Cramer Posture Chair Co. 22 Agency: D. L. Goldsberry & Co.	G. & C. Merriam Co. 8 Agency: Horton-Noyes Co.	Tab Products, Inc. 99 Agency: H. M. Leete & Co.
Creative Plastics 17	Metalcraft, Inc. 78	TelAutograph Corp. 63 Agency: Hill & Christopher Advertising
Cummins Business Machines 86 Agency: Waldie & Briggs Inc.	The Mills Co. 13 Agency: Meermans, Inc.	The Todd Co. 69 Agency: The Merrill Anderson Co., Inc.
A. B. Dick Co. 36, 37 Agency: Fuller & Smith & Ross, Inc.	Mittag & Volger, Inc. 90 Agency: Anderson & Cairns, Inc.	U. S. Plywood Corp. 101 Agency: Kenyon & Eckhardt Inc.
Dictaphone Corp. 18 Agency: Young & Rubicam, Inc.	Momar Industries 102 Agency: The Lovitt Co.	Upholstery Leather Group 1 Agency: Arndt, Preston, Chapin, Lamb & Keen, Inc.
Diebold, Inc. 54 Agency: Penn & Hamaker, Inc.	Moore Business Forms, Inc. 48, 49 Agency: N. W. Ayer & Son Inc.	Variagraph Co. Inc. 62 Agency: Frank Lathers, Inc.
Ditto, Inc. 111 Agency: Henri, Hurst & McDonald Inc.	Mosler Safe Co. 59 Agency: Stockton-West-Burkhart, Inc.	Veeder-Root, Inc. 79 Agency: Sutherland-Abbott
E. I. du Pont de Nemours & Co., Inc. 56 Agency: Batten, Barton, Durstine & Osborn, Inc.	The McBee Co. 57 Agency: C. J. La Roche & Co.	Visi-Shelf File, Inc. 70 Agency: Ritter, Sanford & Price, Inc.
Eastman Kodak Co. 46 Agency: J. Walter Thompson Co.	National Cash Register Co. 85 Agency: McCann-Erickson, Inc.	Wassell Organization, Inc. 63, 102 Agency: James R. Flanagan Advertising
Egry Register Co. 89 Agency: The Parker Advertising Co.	National Gypsum Co. 19 Agency: Batten, Barton, Durstine & Osborn, Inc.	Weber Addressing Machine Co. 58 Agency: Stoetzel & Associates, Inc.
Executone, Inc. 64 Agency: The Joseph Katz Co.	New York State Department of Commerce 6 Agency: Kelly Nason, Inc.	F. S. Webster Co. 73 Agency: Batten, Barton, Durstine & Osborn, Inc.
Facit, Inc. 55 Agency: Anderson & Cairns, Inc.	Niagara Mfg. & Distributing Corp. Outside Back Cover Agency: W. S. Walker Advertising, Inc.	Wellington Sears Co. 10 Agency: Ellington & Co., Inc.
Felt & Tarrant Mfg. Co. 33 Agency: Henri, Hurst & McDonald, Inc.	Outlook Envelope Co. 74 Agency: Arthur C. Barnett	
	Oxford Filing Supply Co. 97 Agency: Joseph Reiss Associates	

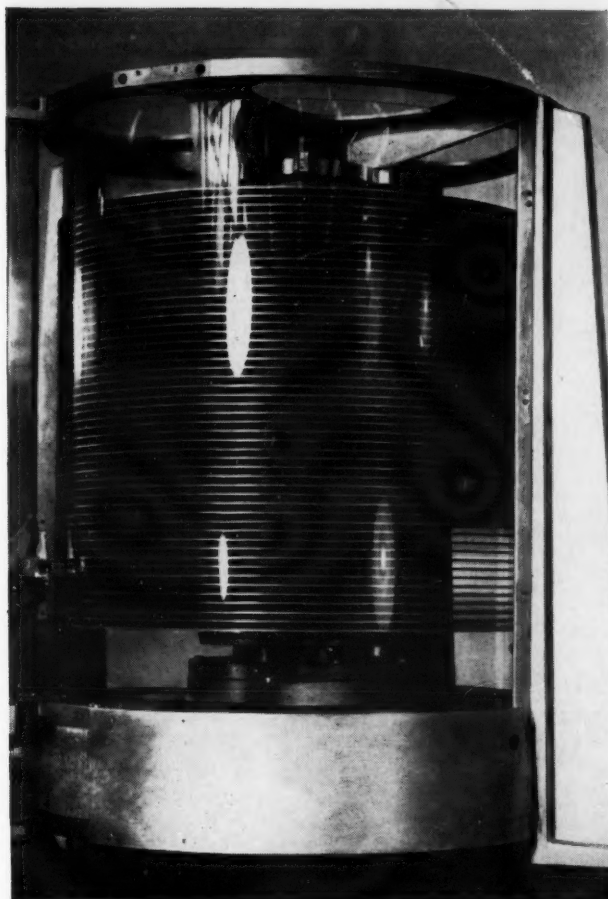


announces

RAM

(Random Access Memory)

650



"single step" data processing

... newest concept in business record-keeping!

"SINGLE STEP" data processing means the ability to process each transaction as it occurs—at the same time updating every related record on file!

This revolutionary new record-keeping concept is made possible through the exclusive features of the IBM Random Access Memory. With a capacity of 6,000,000 to 24,000,000 digits of business facts and figures, RAM 650 can put the finger on any one fact instantly ... for processing or reading out

... without time-consuming searching or sorting!

At interrogation stations of the RAM 650, direct inquiry can be made into this tremendous memory file. Through automatic typewriters at these locations, RAM instantly provides answers to specific questions that reflect the latest transaction against sales, inventory, customer accounting ... any accounting record.

With these updated facts, manage-

ment decisions are supported by the full weight of current business happenings! To bring your company up-to-date on this latest RAM 650 development, call your local IBM representative.

International Business Machines Corporation
590 Madison Ave., New York 22, N. Y.

IBM

**DATA
PROCESSING**

DATA PROCESSING • ELECTRIC TYPEWRITERS • TIME EQUIPMENT • MILITARY PRODUCTS



RAM units, of 6,000,000-digit capacity each, transform this IBM 650 "Electronic Workhorse" into a "single step" data processing system for business and industry.

(Circle 590 for more information)

"My Niagara Cyclo-Massage® Chair is wonderful . . . relieves tension and fatigue in no time at all"

JOHN S. HEWITT



JOHN S. HEWITT
President
Anahist Co.

"There's nothing quite like a leisurely 'ride' in one of the new Niagara Chairs. In the middle of the day, I like to lean back in mine and let the cyclo-massage motors relax tired muscles and nerves. The Niagara Chair is a wonderful aid to comfort and health . . . and it would, I think, be a delight to any busy executive."

Now you can help increase circulation, ease tension, and improve physical condition—easily, comfortably—while you read or rest.

The Niagara Lounge Chair is a beautiful reclining chair of simple, conservative lines that contains *three* Niagara Cyclo-Massage motors. Exhaustive research engineering has made possible this amazing equipment, and medical research confirms its remarkable muscle relaxant and sedative effects.

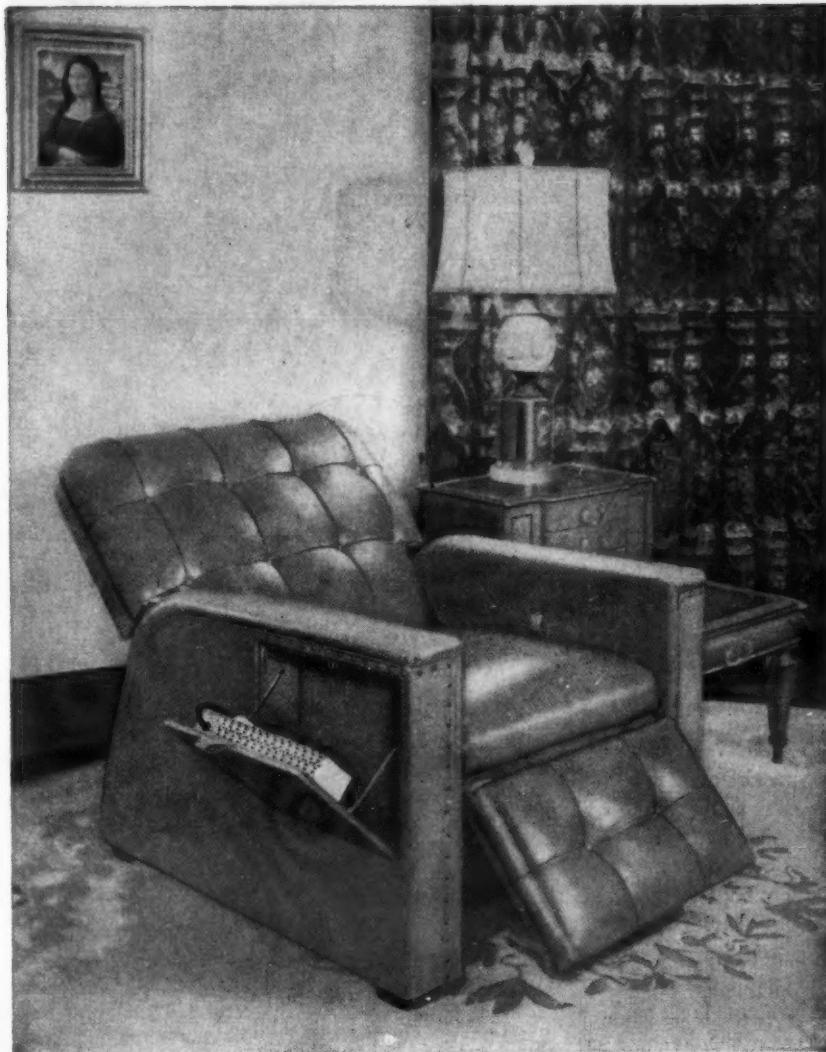
If you want the sensation of a lifetime, just sit in the Niagara chair. Ease back to your most comfortable position, turn on the motors, and . . . aaaahhhh . . . that's it. Cares and wears of mind and body float away. You are but half-conscious of a marvelous action, like thousands of tiny fingers gently stroking, kneading, reaching deep, DEEP down to manipulate and comfort every muscle and joint in your body.

You owe it to yourself to try the Niagara Chair or, at least, to get complete details on it. Send coupon for complete details including beautiful, full-color brochure.



Buried in the deep, foam-rubber cushions are three cyclo-massage motors . . . not common vibrators but duplicates of the motors used in Niagara Massage equipment built for hospitals, clinics, and athletic teams.

IN CANADA: MONARCH MESSAGE, LTD., FORT ERIE, ONTARIO
Copyright 1956 Niagara Mfg. & Dist. Corp.



Niagara Massage is available in many models to suit every need and condition, including the comfortable EXECUTIVE CUSHION for use on desk chair, and the THERMO-CYCLOPAD, right, combining heat and massage to help relieve pain of chronic arthritis, bursitis, fibrositis and rheumatism. Send for complete details.



Thermo-Cyclopad



Executive Cushion

SEND FOR FREE BOOKLET

NIAGARA, Dept. MM-106, Adamsville, Pa.
Send me details on Niagara.

Name _____

Address _____

(Circle 604 for more information)